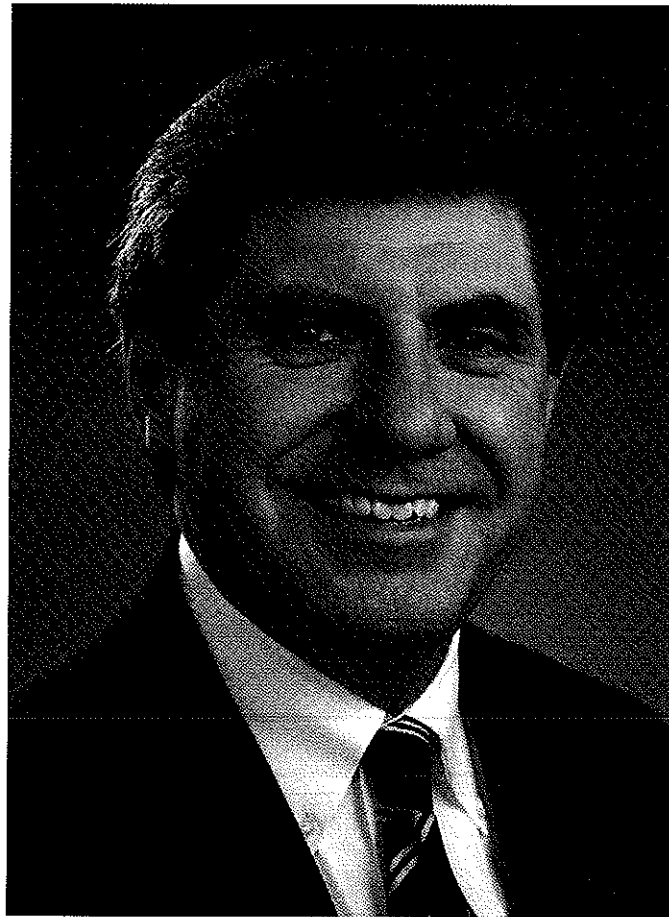


State of Nebraska

Comprehensive Annual Financial Report

Year Ended June 30, 1997



E. Benjamin Nelson
Governor

Department of Administrative Services

Lawrence S. Primeau
Director

Robert D. Luth
Accounting Administrator

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 1997

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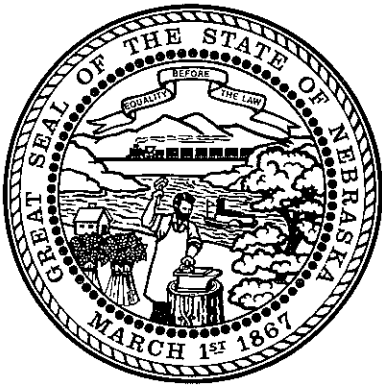
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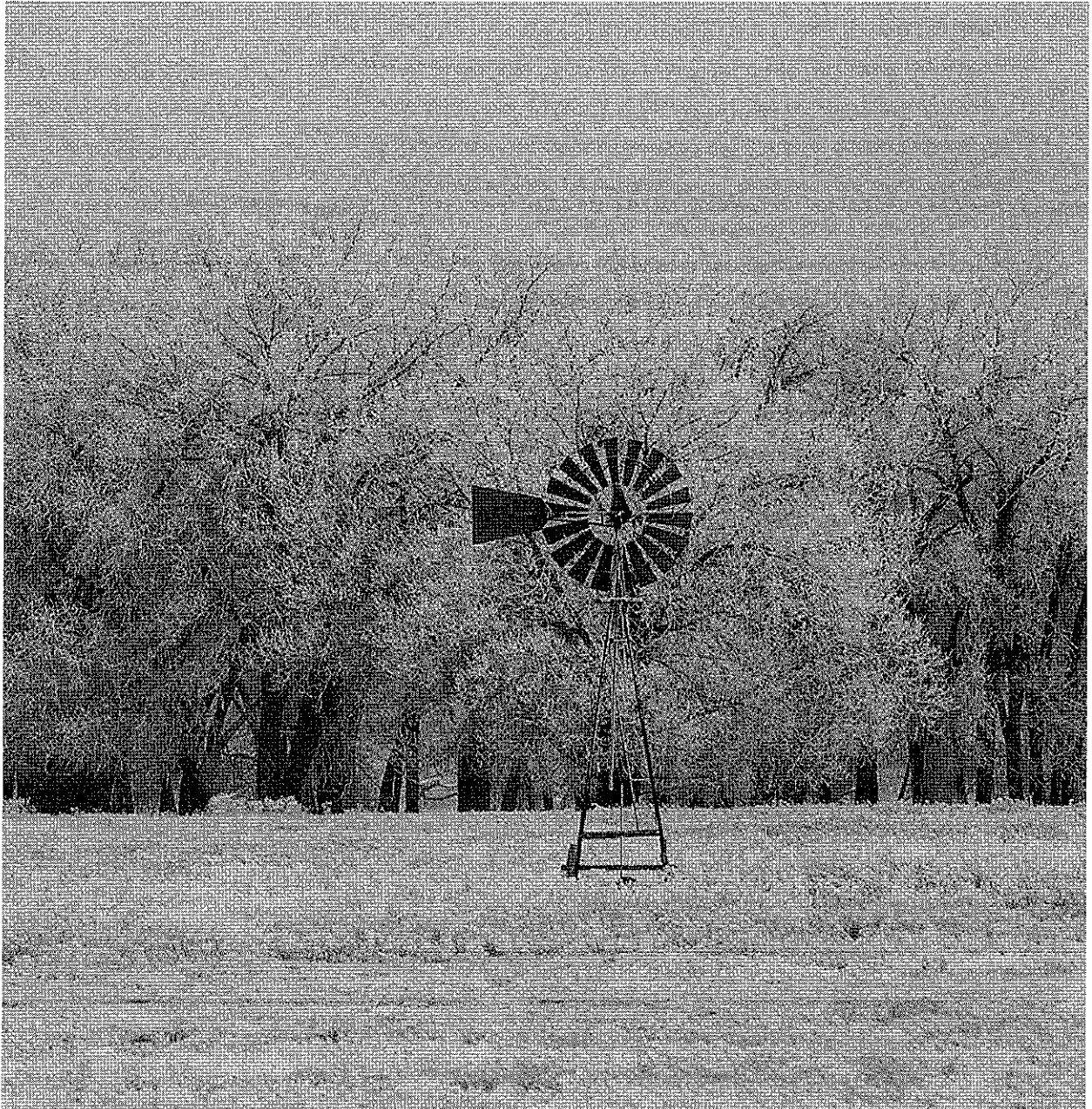
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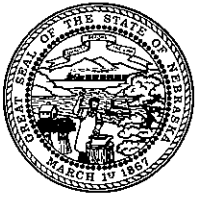


INTRODUCTORY SECTION



Windmill, Arthur County.

STATE OF NEBRASKA



E. Benjamin Nelson
Governor

EXECUTIVE SUITE

P.O. Box 94848
Lincoln, Nebraska 68509-4848
Phone (402) 471-2244

December 17, 1997

Members of the Legislature
Citizens of the State of Nebraska

It is my pleasure to submit Nebraska's Comprehensive Annual Financial Report for the fiscal year 1997.

This report demonstrates the fiscal control and integrity that is one of the principal objectives of my administration. It also demonstrates the fiscal strength and stability of the Nebraska economy as evidenced by the recent and projected gains in employment, personal income and retail sales.

During the past year, the Legislature acted on several of my initiatives dealing with government restructuring, income tax reduction, and property tax reform. These initiatives will provide significant benefits to the citizens of Nebraska. The letter from the Department of Administrative Services discusses these initiatives in more detail.

Our ability to manage our fiscal affairs and provide full disclosure of the State's fiscal condition is demonstrated by the unqualified audit opinion that follows. I am also proud to report that the 1996 report submitted to the Government Finance Officers Association was awarded the prestigious Certificate of Achievement for Excellence in Financial Reporting for the sixth consecutive year. I am confident the 1997 report will also receive this distinction.

I would like to thank the Department of Administrative Services for its commitment in dealing with the complex accounting issues in preparing this report and to all the state agencies for their cooperation in gathering the necessary information.

Sincerely,

A handwritten signature in black ink, reading "Ben Nelson".

E. Benjamin Nelson
Governor

SELECTED STATE OFFICIALS

EXECUTIVE

E. Benjamin Nelson
Governor

Kim M. Robak
Lieutenant Governor

Donald B. Stenberg
Attorney General

John A. Breslow
Auditor of Public Accounts

Scott Moore
Secretary of State

David Heineman
State Treasurer

JUDICIAL

C. Thomas White
Chief Justice
Supreme Court of Nebraska (7 Judges)

LEGISLATIVE

Ron Withem
Speaker of the Legislature
Nebraska Unicameral (49 Senators)

STATE OF NEBRASKA



E. Benjamin Nelson
Governor

DEPARTMENT OF ADMINISTRATIVE SERVICES

Lawrence S. Primeau

Director

P.O. Box 94664

Lincoln, Nebraska 68509-4664

Phone (402) 471-2331

December 16, 1997

The Honorable E. Benjamin Nelson, Governor
Members of the Legislature
Citizens of the State of Nebraska

We are pleased to present the Comprehensive Annual Financial Report of the State of Nebraska (State) for the fiscal year ended June 30, 1997. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Department of Administrative Services, Accounting Division. We are confident the data presented is accurate in all material respects, is presented in a manner that fairly sets forth the financial position and results of operations of the State as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain an understanding of the State's financial position and results of operations have been included.

This report has been prepared in accordance with generally accepted accounting principles (GAAP) for governments as established by the Governmental Accounting Standards Board (GASB).

The Comprehensive Annual Financial Report is presented in three sections as follows:

- The Introductory Section includes this transmittal letter, the State's organizational chart and a list of principal officials.
- The Financial Section includes the auditors' report, general purpose financial statements, and the combining and individual fund and account group financial statements and schedules.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

The financial reporting entity includes all funds and account groups of the State as legally defined, as well as all of its component units. Component units are legally separate entities for which the State is financially accountable. Note 1B of the Notes to the Financial Statements provides a more complete description of the State's reporting entity. The State provides a full range of services including: the construction and maintenance of highways and infrastructure, education, social and health services, public safety, conservation of natural resources, economic development, and recreation facilities and development.



ECONOMIC CONDITION AND OUTLOOK

Revenues and Expenditures

A major factor in all financial and budget decisions will be the amount of revenue available to finance funding requests and initiatives. Current projections anticipate net general fund cash receipts of \$2.068 billion during the fiscal year ending June 30, 1998, a 2.9 percent increase over 1997 actual receipts. A significant portion of this revenue is dependent on individual income tax and sales and use tax, both of which are directly related to personal income. Through the end of November, net general fund receipts are ahead of projections by \$5.1 million.

During the last Legislative session, several appropriation bills were passed and signed by the Governor that will bring the total State General Fund cash basis appropriation for fiscal year 1998 to \$1.98 billion (up 5.0 percent from 1997). The total biennium appropriation is projected to result in a June 30, 1999, reserve amount of \$221.8 million or 5.2 percent. This reserve amount is within the 3 to 7 percent reserve required by the Constitution and State Statutes.

Economy

The outlook by the Bureau of Business Research at the University of Nebraska-Lincoln for 1997 and 1998 calls for solid economic advances by the Nebraska economy. The Bureau's latest report for December 1997 predicts that employment, personal income and retail sales will all continue to show positive growth.

Employment grew at a rate of 2.2 percent in 1996. The 1997 and 1998 growth rates are expected to average around 2.1 percent. To the extent that employment gains are the result of conversions from full-time to part-time jobs or additions of part-time jobs, the magnitude of the gains may be somewhat less.

Non-farm personal income grew solidly in 1996, reflecting strength in wages and salaries. Gains are expected to be above six percent for 1997 and 1998. Following adjustment for inflation, real gains in non-farm personal income are predicted to be above three percent for both years.

Both motor vehicle sales and non-motor vehicle sales grew at faster rates in 1996. The result was an increase of over six percent from 1995. In response to continued strength in the Nebraska economy, retail sales should continue growing over five percent for 1997 and 1998.

	1993	1994	1995	1996	1997	1998
Employment:						
Annual Totals	767,212	796,194	816,367	834,336	852,436	869,203
Growth Rates	2.3%	3.8%	2.5%	2.2%	2.2%	2.0%
Non-farm Personal Income:						
Annual Totals (in millions \$)	30,082	31,624	33,763	35,704	37,962	40,363
Growth Rates	4.6%	5.1%	6.8%	5.8%	6.3%	6.3%
Net Taxable Retail Sales						
Growth Rates:						
Total	5.9%	7.5%	4.2%	6.2%	5.4%	5.3%
Motor Vehicle Sales	14.1%	6.8%	3.8%	9.8%	7.0%	6.0%
Non-motor Vehicle Sales	4.8%	7.5%	4.3%	5.7%	5.2%	5.2%

MAJOR INITIATIVES

Government Restructuring

The Nebraska Partnership for Health and Human Services Act was passed by the Legislature in 1996. During fiscal year 1997, five state agencies were reorganized into a unified, coordinated health and human services system. The functions of the Departments of Social Services, Health, Public Institutions, and Aging and the Office of Juvenile Services were transferred to three functionally based agencies – service delivery, regulation and licensure, and finance and support.

Income Tax Reduction

Individual income tax rates were reduced in all four of the State's income brackets for 1997 and 1998 and the personal exemption credit was also increased for these years.

Property Tax Reform

Two pieces of legislation were enacted to provide property tax relief for the citizens of the State. This legislation overhauls the distribution of State aid to schools and provides additional funding to local governments to reduce property taxes.

Economic Development

The Microenterprise Development Act was enacted to encourage start-up and growth for small businesses throughout the State.

Relief for Prison Overcrowding

Legislation was enacted to provide funding for a 960 bed maximum-medium security facility. Additional funding was provided for the construction of a 100 bed work camp for youthful offenders.

Environmental Issues

The Nebraska Safe Drinking Water Act was enacted to take advantage of federal funding for the creation of a revolving loan program for improvements in drinking water systems.

FINANCIAL INFORMATION

Internal Controls

Management of the State is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the State are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls

Budgetary control is maintained through legislative appropriation and the executive branch allotment process. A budget is required to be adopted through passage of appropriation bills by the Legislature. The appropriated funds are allocated by program and are controlled by the executive branch through an allotment process. This process allocates the appropriation by program and fund type. The Legislature may also enact a supplemental appropriation bill and other appropriation bills, as it deems necessary.

State law does not require encumbrance accounting, although, there is a provision in the law for agencies to encumber items at the end of one biennium to carry over the encumbered amounts to the next biennium. Because the encumbrance process is not mandatory, the State does not record encumbrances on its financial statements.

The State's budgetary process is explained in detail in Note 2 of the Notes to the Financial Statements.

General Government Functions

General governmental activities are accounted for in three governmental fund types. These fund types are the general, special revenue and capital projects funds. The debt service fund is not utilized because all outstanding revenue bonds have been paid off. Revenue and other financing sources for general governmental functions totaled \$3.93 billion for the fiscal year ending June 30, 1997, an increase of 5.02 percent over revenues for the fiscal year ending June 30, 1996.

The State's most significant sources of revenue are its retail sales tax, individual income tax and Federal grants and contracts.

As of June 30, 1997, the following tax rates were in effect:

TYPE	PERCENT	DATE OF LAST CHANGE
Sales and Use Tax	5.0%	July 10, 1990
Corporate Income Tax	5.58% and 7.81%	January 1, 1991
Individual Income Tax	2.62% to 6.99%	January 1, 1993

The corporate income tax rate is comprised of two brackets that break at \$50,000 of taxable income. There are four individual income tax brackets that break at various amounts depending on filing status. Nebraska income is based on federal adjusted gross income minus a standard deduction or

itemized deductions and personal exemptions. A personal exemption credit replaces the deduction for personal exemptions. The personal exemption credit is \$86 for 1997. The credit is phased out as federal adjusted gross income increases for higher income taxpayers.

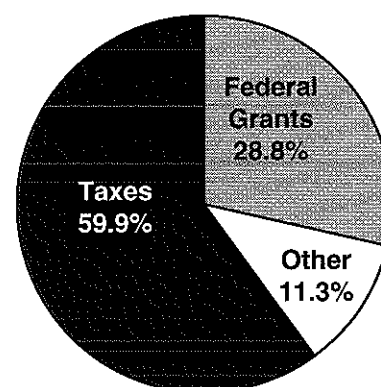
Revenue from various sources for fiscal year 1997 and the amount and percentage of increases and decreases in relation to the prior fiscal year are as follows (expressed in thousands):

REVENUES AND OTHER FINANCING SOURCES	AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM 1996	PERCENT OF INCREASE (DECREASE)
Income Tax	\$ 1,075,095	27.36%	\$ 127,587	13.47 %
Sales and Use Tax	857,684	21.83	33,094	4.01 %
Petroleum Tax	266,852	6.79	26,247	10.91 %
Other Taxes	149,589	3.81	2,050	1.39 %
Federal Grants and Contracts	1,130,846	28.78	(60,902)	(5.11)%
Licenses, Fees and Permits	145,598	3.71	7,310	5.29 %
Charges for Services	73,571	1.87	(1,801)	(2.39)%
Investment Income	56,258	1.43	15,071	36.59 %
Rents and Royalties	9,015	0.23	1,081	13.62 %
Other	44,453	1.13	6,900	18.37 %
Total Revenues	3,808,961	96.93	156,637	4.29 %
Other Financing Sources	120,786	3.07	35,499	41.62 %
Total Revenues and Other Financing Sources	<u>\$ 3,929,747</u>	<u>100.00%</u>	<u>\$ 192,136</u>	5.14 %

Increases in revenues are highlighted by:

- Income taxes increased by \$127.6 million or 13.47 percent. This increase is primarily attributable to increases in personal income during 1996 and 1997.
- Sales and use taxes increased by \$33.1 million or 4.01 percent. This increase is consistent with and is primarily attributable to the increase in personal income and net taxable retail sales during 1996 and 1997.
- Petroleum taxes increased by \$26.2 million or 10.91 percent. This increase is primarily due to increased consumption of petroleum products.
- Federal Grants and Contracts decreased by \$60.9 million or 5.11 percent. This is due to decreases in reimbursements for highway, airport development, and other federal projects.
- Investment income increased by \$15.1 million or 36.59 percent. This increase is attributed to an increase in the average cash balances for the year and to implementing GASB Statement 28, "Accounting and Financial Reporting for Securities Lending Transactions", which requires costs of securities lending transactions to be reported as expenditures rather than netted with investment income.

REVENUES - 1997



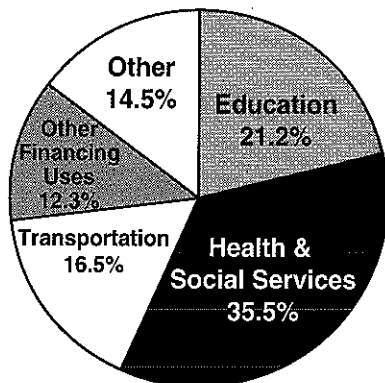
Expenditures and other financing uses for general government activities totaled \$3.78 billion for the fiscal year ending June 30, 1997, representing a 3.31 percent increase from 1996. General government expenditures by function for fiscal year 1997 and the amount and percentage of increases and decreases in relation to the prior fiscal year are as follows (expressed in thousands):

EXPENDITURES AND OTHER FINANCING USES	AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM 1996	PERCENT OF INCREASE (DECREASE)
Current:				
General Government	\$ 94,022	2.49%	\$ 19,499	26.17 %
Conservation of Natural Resources	67,638	1.79	1,143	1.72 %
Culture – Recreation	20,094	0.53	2,380	13.44 %
Economic Development and Assistance	68,133	1.80	3,931	6.12 %
Education	798,440	21.11	32,802	4.28 %
Health and Social Services	1,341,460	35.47	9,697	0.73 %
Public Safety	152,321	4.03	256	0.17 %
Regulation of Business and Professions	44,464	1.18	(4,994)	(10.10)%
Transportation	622,525	16.46	4	0.00 %
Intergovernmental	91,544	2.42	4,258	4.88 %
Capital Projects	11,899	0.31	7,611	177.50 %
Debt Service	3,298	0.09	484	17.20 %
Total Expenditures	3,315,838	87.69	77,071	2.38 %
Other Financing Uses	465,630	12.31	48,357	11.59 %
Total Expenditures and Other Financing Uses	<u>\$ 3,781,468</u>	<u>100.00%</u>	<u>\$ 125,428</u>	3.43 %

Increases in expenditures were highlighted by:

- General Government increased \$19.5 million or 26.17 percent due to increases in operating expenditures and also to implementing GASB Statement 28, which requires costs of securities lending transactions to be reported as expenditures rather than netted with investment income.
- Education increased \$32.8 million or 4.28 percent due to increases in the amount of state aid provided to education and special education and regular inflationary increases in operating expenditures.
- Regulation of Business and Professions decreased \$5.0 million or 10.10 percent due to a reduction of expenditures for cleaning up sites of leaking underground storage tanks.
- Capital Projects expenditures increased \$7.6 million or 177.50 percent mainly due to construction of new correctional facilities.

EXPENDITURES – 1997



Fund Conversion

The State's budgetary funds are grouped into the appropriate generic fund types to report the State's financial activity in conformance with GAAP. Approximately 500 budgetary funds have been grouped into the 60 individual funds that are included in the financial statements. Note 2 of the Notes to the Financial Statements includes a matrix that shows the perspective differences that result from this conversion.

General Fund Balance

The fund balance of the general fund increased by \$115.4 million to a total of \$252.7 million at June 30, 1997. The cash and investment balance of the General Fund was \$398.1 million. Current cash flow projections place the June 30, 1998, cash and investment balance at approximately \$495 million.

Proprietary Operations

The State has two enterprise funds included in the financial statements that provide services for individuals and entities outside state government. These activities include the State Lottery Fund and the Excess Liability Fund. The lottery, which began activity in 1993, generated \$76.6 million of operating revenues and \$20.6 million of income before transfers for fiscal year 1997. The Excess Liability Fund provides liability coverage for certain health care providers. Operating revenues, which are primarily insurance premiums, amounted to \$1.3 million. The retained earnings for this fund was \$31.2 million at June 30, 1997.

The State has several internal service funds that provide a variety of services to state agencies. These include computer services, transportation services, telecommunications, printing, general services, building management, risk management and other services. The operating revenues for the internal service funds were \$169.1 million for fiscal year 1997. These funds ended the year with total retained earnings of \$62.1 million.

Retirement Systems

Total net assets of the State's pension trust funds reached \$3.9 billion. These are the assets of the three defined benefit plans (School, Judges and State Patrol plans) that are administered by the State and two defined contribution plans (County and State Employees plans) which are administered by a third party.

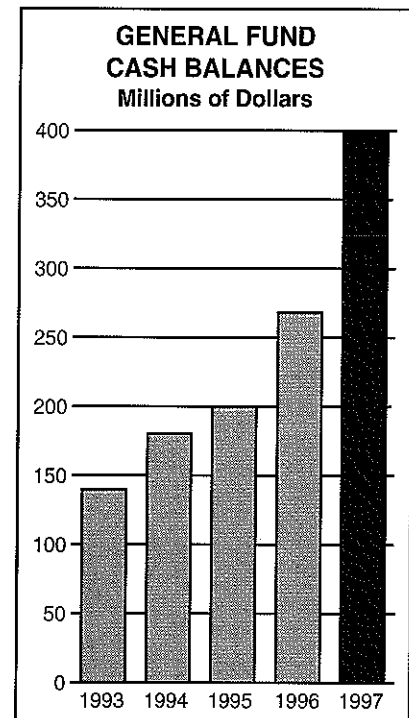
Debt Administration

Article XIII of the State's Constitution prohibits the State from incurring debt in excess of one hundred thousand dollars. However, there is a provision in the Constitution that permits the issuance of revenue bonds for: (1) construction of highways; and (2) construction of water conservation and management structures. At June 30, 1997, there was no outstanding debt for either of these purposes. The State can enter into capital lease and other financing contracts provided that the contracts include cancellation clauses if the Legislature does not appropriate funds to continue the lease or financing arrangement.

There is \$9.0 million of bonds payable by separate legal entities that have been blended into the financial activity of the State. These bonds do not represent a general obligation of the State and are secured by revenues from the building and equipment that the debt was incurred to purchase.

The Constitution also authorizes the Board of Regents of the University of Nebraska, the Board of Trustees of the Nebraska State Colleges, and the State Board of Education to issue revenue bonds to construct, purchase, or remodel educational buildings and facilities. The payment of these bonds is generally made from revenue collected from use of the buildings and facilities. At June 30, 1997, \$70.5 million of bonds were outstanding.

The Legislature has authorized the creation of two financing authorities that are not subject to State constitutional restrictions on the incurrence of debt. These financing authorities were organized to assist in providing funds for the construction of capital improvement projects at the Colleges and Universities. At June 30, 1997, these authorities had \$45.3 million of bonds outstanding. Although the State has no legal responsibility for the debt of these financing authorities, they are considered part of the reporting entity.



Risk Management

The State does not insure a significant portion of its buildings or their contents against theft, fire or other risks. Workers' compensation and employee life, health and accident coverage is provided on a self-insurance basis. Commercial insurance coverage has been purchased for automobile liability and employees' errors or omissions. Note 16 of the Notes to the Financial Statements discusses the State's risk management activities in more detail.

Cash Management

All cash is required to be deposited in the State Treasury. With the assistance of the State Investment Officer, the State Treasurer pools all cash in one of two investment pools. The Short Term Investment Pool (STIP) is comprised of short-term instruments and the Medium Term Investment Pool (MTIP) is comprised of medium-term instruments. The MTIP is reflected as investments on the State's financial statements. Interest earnings are credited on a monthly basis to each fund that the Legislature has designated as eligible to earn interest. All interest earnings not credited to other funds are deposited in the General Fund.

At June 30, 1997, there was \$1,250.4 million invested in the STIP and MTIP. This was invested as follows: 56.7 percent in government securities; 27.3 percent in commercial paper; 9.7 percent in money market funds; 5.2 percent in certificates of deposit; and 1.1 percent in other investments. For the fiscal year ending June 30, 1997, the average daily balance of \$1,189.9 million returned \$68.0 million, a 5.73 percent yield. This yield represents a decrease of .04 percent from 1996.

State law requires that all public funds deposited in banks be secured by the bank by maintaining, at all times, an aggregate amount of securities equal to 10 percent more than the amount on deposit, less the \$100,000 insured by the Federal Deposit Insurance Corporation (FDIC). It is the State's policy to continually monitor the clearing and depository banks for compliance with this law.

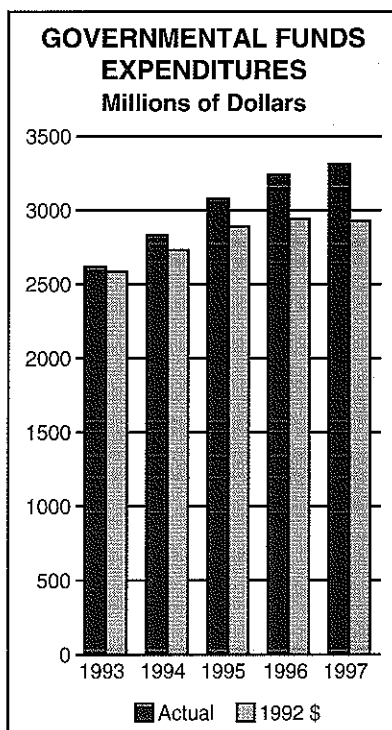
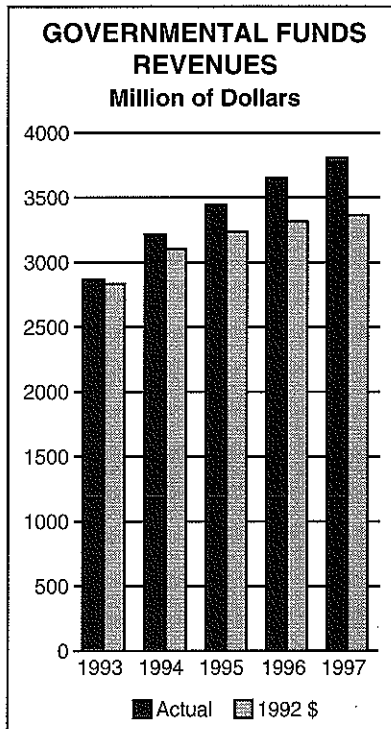
General Fixed Assets

The general fixed assets of the State are those fixed assets used in performance of general governmental functions. They do not include infrastructure (roads, bridges, flood control projects, etc.) or fixed assets of proprietary funds and the colleges and universities.

At June 30, 1997, the general fixed assets of the State amounted to \$538.8 million. This amount represents the valuation of general fixed assets in accordance with GAAP and the State's capitalization policy as described in Note 1 of the Notes to the Financial Statements.

AUDITS

The firm of KPMG Peat Marwick LLP has audited the general purpose financial statements and their report is included in the Financial Section of this report. Again this year, this report includes an unqualified opinion on the financial statements. The audit was conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in the General Accounting Office's *Government Auditing Standards*. The required reports on internal control and compliance



with laws and regulations are included as part of the statewide Single Audit report, which is issued under a separate cover.

The audits described above were designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and the related U.S. Office of Management and Budget's Circular A-133.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Nebraska for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 1996. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR, whose contents conform to rigorous program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The State of Nebraska has received a Certificate of Achievement for the last six consecutive years. We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

CONCLUSION

This report continues our commitment to comprehensive disclosure of the State's financial condition. We are committed to issuing reports that are informative and meet governmental accounting standards. Reports that meet these standards provide the reader with an opportunity to make more informed judgments about the government's financial position and results of operations.

The 1997 Comprehensive Annual Financial Report represents our commitment to this goal. We wish to express our appreciation to the Department of Administrative Services accounting staff and the budget and accounting staff throughout State government for their assistance in the preparation of this report.

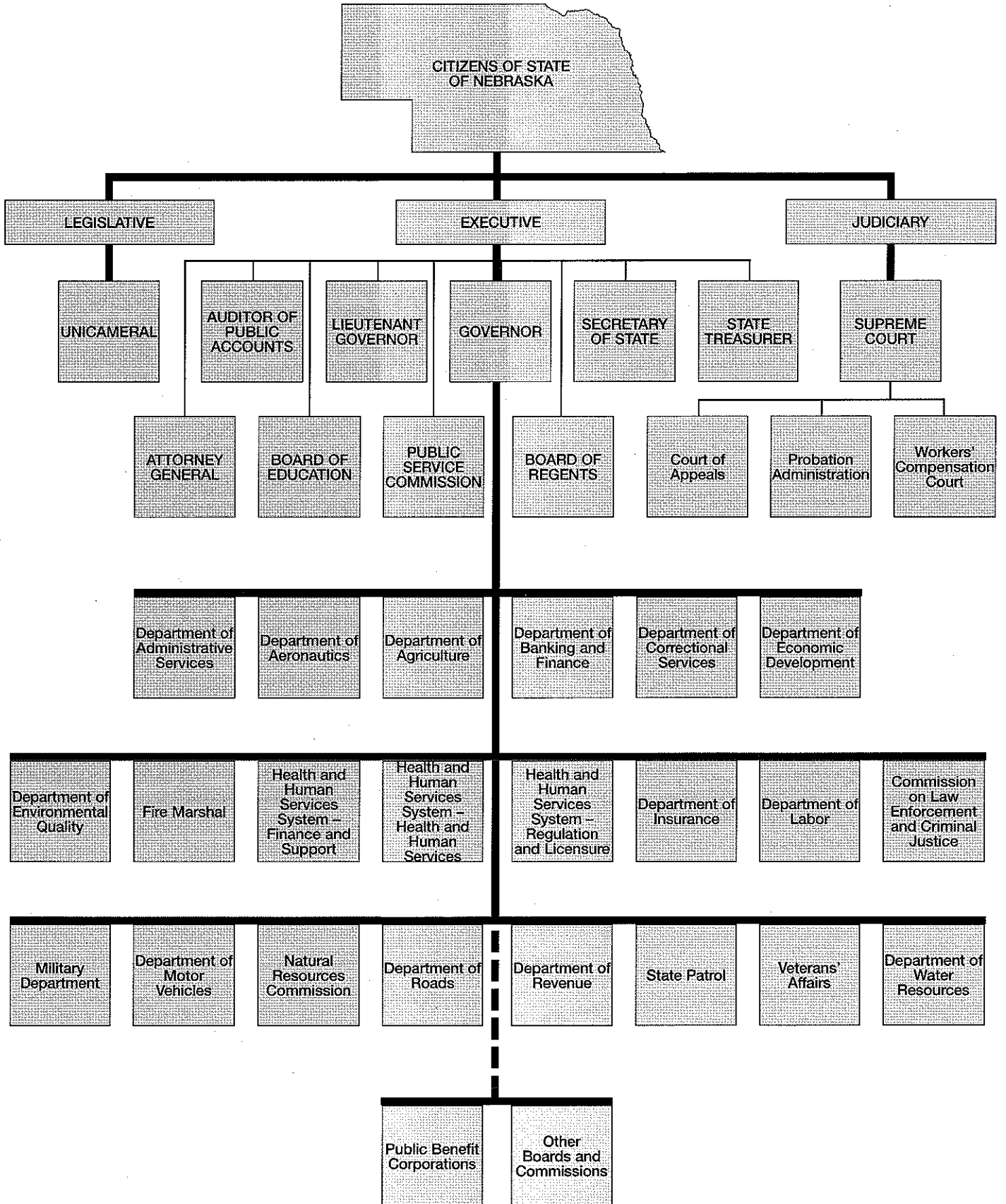
Your comments and suggestions are welcome.

Respectfully submitted,



Robert D. Luth
State Accounting Administrator

ORGANIZATION CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of
Nebraska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1996

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

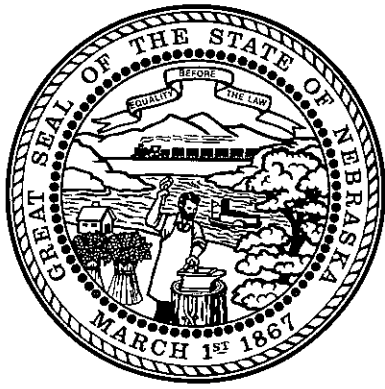


Linda M. Savitsky
President

Jeffrey L. Esser
Executive Director



Harrisburg, Banner County.



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The Honorable Governor,
Members of the Legislature and
Citizens of the State of Nebraska:

We have audited the accompanying general purpose financial statements of the State of Nebraska as of and for the year ended June 30, 1997, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the State of Nebraska's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of Chadron State College, Peru State College, Wayne State College, the Nebraska State Lottery enterprise fund, and the State and County Employees' Retirement Plans, which represent 6.1 percent and 4.1 percent, respectively, of the total assets and total revenues and other additions of the discretely presented component units; 21.4 percent and 98.4 percent, respectively, of the total assets and total operating revenues of the enterprise fund type; and 16.0 percent and 13.9 percent, respectively, of the total plan net assets and additions to plan net assets of the pension trust fund type. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for Chadron State College, Peru State College, Wayne State College, the Nebraska State Lottery enterprise fund, and the State and County Employees Retirement Plans, is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Nebraska as of June 30, 1997, and the results of its operations, the cash flows of its proprietary fund types and nonexpendable trust funds, and the changes in plan net assets of its pension trust funds for the year then ended in conformity with generally accepted accounting principles.

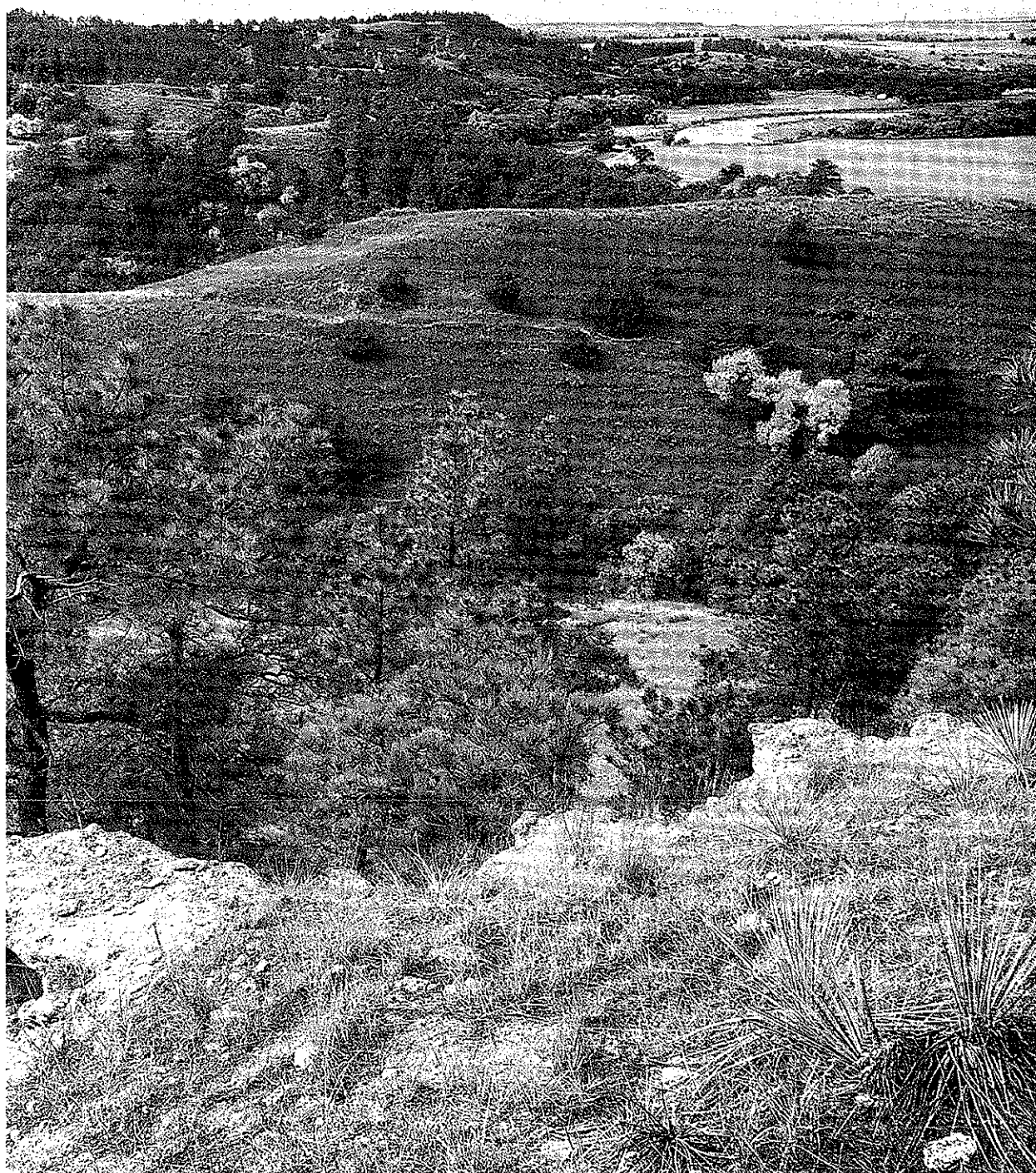
In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 1997, on our consideration of the State of Nebraska's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

As discussed in Note 12 to the general purpose financial statements, during 1997, the State of Nebraska implemented Governmental Accounting Standards Board Statements No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, and No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of State of Nebraska taken as a whole. The combining and individual fund statements and schedules within the financial section as listed in the foregoing table of contents, which are also the responsibility of the management of the State of Nebraska, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Nebraska. Such additional information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

KPMG Peat Marwick LLP

December 15, 1997
Lincoln, Nebraska



Niobrara River, Cherry County.

GENERAL PURPOSE FINANCIAL STATEMENTS

COMBINED BALANCE SHEET – ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 1997

(Dollars in Thousands)

GOVERNMENTAL FUND TYPES

	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
ASSETS AND OTHER DEBITS:			
Cash and Cash Equivalents	\$ 65,910	\$ 227,797	\$ 10,324
Cash on Deposit with Fiscal Agents	-	10,064	-
Investments	332,178	179,974	-
Invested Securities Lending Collateral	106,273	53,189	-
Receivables, net of allowance			
Taxes	170,784	32,713	-
Due from Federal Government	6	112,512	-
Loans	34	83,176	-
Other	5,790	32,230	116
Due from Other Funds	3,626	12,626	1,098
Due from Primary Government	-	-	-
Inventories	-	31,292	-
Prepaid Items	61	97	-
Property, Plant, and Equipment, net	-	-	-
Other	337	623	-
Amount Available for Debt Service	-	-	-
Amount to be Provided For Debt Service	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 684,999	\$ 776,293	\$ 11,538
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$ 33,565	\$ 99,284	\$ 1,850
Tax Refunds Payable	184,772	3,789	-
Due to Other Governments	113	15,815	-
Deposits	268	8,380	-
Deferred Compensation Payable	-	-	-
Due to Other Funds	38,230	18,583	3
Due to Component Units	15,182	-	-
Obligations under Securities Lending	106,273	53,189	-
Claims Payable	51,099	50,545	-
Bonds Payable	-	-	-
Capital Lease Obligations	-	-	-
Obligations under Other Financing Arrangements	-	-	-
Accrued Compensated Absences	-	-	-
Deferred Revenue	2,790	21,166	-
Other	-	273	-
TOTAL LIABILITIES	432,292	271,024	1,853
FUND EQUITY AND OTHER CREDITS:			
Investment in Fixed Assets	-	-	-
Contributed Capital	-	-	-
Retained Earnings:			
Reserved	-	-	-
Unreserved	-	-	-
Fund Balances:			
Reserved for:			
Long-Term Receivables	34	83,176	-
Inventories and Prepaid Items	61	13,094	-
Debt Service	-	10,075	-
Unemployment Compensation Benefits	-	-	-
Endowment Principal	-	-	-
Pension Benefits	-	-	-
Unreserved:			
Designated for Colleges and Universities	-	-	-
Designated for Cash Shortages	132,584	-	-
Undesignated	120,028	398,924	9,685
TOTAL FUND EQUITY AND OTHER CREDITS	252,707	505,269	9,685
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 684,999	\$ 776,293	\$ 11,538

The accompanying notes are an integral part of the financial statements.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	COMPONENT UNITS
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	PRIMARY GOVERNMENT	COLLEGES AND UNIVERSITIES
\$ 10,279	\$ 58,263	\$ 319,784	\$ -	\$ -	\$ 692,357	\$ 261,035
-	-	-	-	-	10,064	99,043
54,609	-	4,163,708	-	-	4,730,469	35,745
6,298	-	427,186	-	-	592,946	-
-	-	-	-	-	203,497	-
-	-	-	-	-	112,518	-
-	-	-	-	-	83,210	33,717
4,556	1,225	46,516	-	-	90,433	86,281
-	30,591	14,815	-	-	62,756	16,760
-	-	-	-	-	-	15,182
-	1,658	-	-	-	32,950	12,429
210	1,012	6	-	-	1,386	6,620
122	21,172	25	538,775	-	560,094	1,193,664
2,633	-	5,499	-	-	9,092	-
-	-	-	-	10,075	10,075	-
-	-	-	-	90,125	90,125	-
<u>\$ 78,707</u>	<u>\$ 113,921</u>	<u>\$ 4,977,539</u>	<u>\$ 538,775</u>	<u>\$ 100,200</u>	<u>\$ 7,281,972</u>	<u>\$ 1,760,476</u>
\$ 7,981	\$ 6,079	\$ 2,014	\$ -	\$ -	\$ 150,773	\$ 97,734
-	-	-	-	-	188,561	-
-	-	39,510	-	-	55,438	-
-	672	1,011	-	-	10,331	2,560
-	-	85,866	-	-	85,866	-
1,328	507	4,105	-	-	62,756	16,760
-	-	-	-	-	15,182	-
6,298	-	427,186	-	-	592,946	-
23,910	29,816	5,222	-	1,187	161,779	-
-	-	-	-	8,990	8,990	115,860
-	9,769	-	-	7,670	17,439	9,044
-	-	-	-	12,065	12,065	-
79	2,307	123	-	70,288	72,797	29,137
435	518	-	-	-	24,909	16,015
-	-	11,535	-	-	11,808	-
<u>40,031</u>	<u>49,668</u>	<u>576,572</u>	<u>-</u>	<u>100,200</u>	<u>1,471,640</u>	<u>287,110</u>
-	-	-	538,775	-	538,775	1,228,129
-	2,109	-	-	-	2,109	-
2,633	-	-	-	-	2,633	-
36,043	62,144	-	-	-	98,187	-
-	-	-	-	-	83,210	-
-	-	-	-	-	13,155	-
-	-	-	-	-	10,075	-
-	-	221,678	-	-	221,678	-
-	-	244,351	-	-	244,351	-
-	-	3,910,783	-	-	3,910,783	-
-	-	-	-	-	-	245,237
-	-	-	-	-	132,584	-
-	-	24,155	-	-	552,792	-
<u>38,676</u>	<u>64,253</u>	<u>4,400,967</u>	<u>538,775</u>	<u>-</u>	<u>5,810,332</u>	<u>1,473,366</u>
<u>\$ 78,707</u>	<u>\$ 113,921</u>	<u>\$ 4,977,539</u>	<u>\$ 538,775</u>	<u>\$ 100,200</u>	<u>\$ 7,281,972</u>	<u>\$ 1,760,476</u>

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State of Nebraska

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

For the Year Ended June 30, 1997

(Dollars in Thousands)

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	EXPENDABLE TRUST	
REVENUES:					
Taxes	\$ 1,928,682	\$ 416,345	\$ 4,193	\$ 54,251	\$ 2,403,471
Federal Grants and Contracts	216	1,130,584	46	-	1,130,846
Licenses, Fees and Permits	17,487	128,111	-	-	145,598
Charges for Services	7,578	65,993	-	3,531	77,102
Investment Income	29,911	25,762	585	14,127	70,385
Rents and Royalties	-	9,015	-	375	9,390
Other	9,610	34,834	9	1,181	45,634
TOTAL REVENUES	1,993,484	1,810,644	4,833	73,465	3,882,426
EXPENDITURES:					
Current:					
General Government	75,358	18,664	-	603	94,625
Conservation of Natural Resources	24,135	43,503	-	-	67,638
Culture - Recreation	4,770	15,324	-	-	20,094
Economic Development and Assistance	5,206	62,927	-	-	68,133
Education	638,419	160,021	-	772	799,212
Health and Social Services	560,034	781,426	-	4,877	1,346,337
Public Safety	106,752	45,569	-	-	152,321
Regulation of Business and Professions	3,477	40,987	-	-	44,464
Transportation	578	621,947	-	-	622,525
Unemployment Claims	-	-	-	51,110	51,110
Intergovernmental	88,842	2,702	-	-	91,544
Capital Projects	-	-	11,899	-	11,899
Debt Service:					
Principal	-	1,895	205	-	2,100
Interest	-	1,114	84	-	1,198
TOTAL EXPENDITURES	1,507,571	1,796,079	12,188	57,362	3,373,200
Excess of Revenues Over (Under) Expenditures	485,913	14,565	(7,355)	16,103	509,226
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	18,987	74,223	19,664	-	112,874
Operating Transfers Out	(28,535)	(59,164)	(1,213)	(585)	(89,497)
Operating Transfers to Component Units	(361,163)	(4,011)	(11,544)	-	(376,718)
Proceeds from Other Financing Arrangements	-	1,485	-	-	1,485
Proceeds from Capital Leases	179	4,983	1,265	-	6,427
TOTAL OTHER FINANCING SOURCES (USES)	(370,532)	17,516	8,172	(585)	(345,429)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	115,381	32,081	817	15,518	163,797
FUND BALANCES, JULY 1, AS RESTATED	137,320	473,194	8,868	211,990	831,372
Residual Equity Transfers	6	(6)	-	-	-
FUND BALANCES, JUNE 30	\$ 252,707	\$ 505,269	\$ 9,685	\$ 227,508	\$ 995,169

The accompanying notes are an integral part of the financial statements.

State of Nebraska

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) GENERAL, CASH, CONSTRUCTION, FEDERAL AND REVOLVING FUNDS

For the Year Ended June 30, 1997

(Dollars in Thousands)

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
REVENUES:			
Taxes	\$ 1,843,004	\$ 1,934,625	\$ 91,621
Federal Grants and Contracts	220	220	-
Sales and Charges	24,938	24,938	-
Other	33,821	33,821	-
TOTAL REVENUES	<u>1,901,983</u>	<u>1,993,604</u>	<u>91,621</u>
EXPENDITURES:			
Current:			
General Government	74,164	69,205	4,959
Conservation of Natural Resources	29,063	23,996	5,067
Culture - Recreation	4,974	4,709	265
Economic Development and Assistance	6,577	5,101	1,476
Education	1,002,445	984,873	17,572
Health and Social Services	617,817	555,828	61,989
Public Safety	120,389	105,079	15,310
Regulation of Business and Professions	4,059	3,413	646
Transportation	782	578	204
Intergovernmental	101,913	98,708	3,205
Capital Projects	-	-	-
TOTAL EXPENDITURES	<u>1,962,183</u>	<u>1,851,490</u>	<u>110,693</u>
Excess of Revenues Over (Under) Expenditures	<u>(60,200)</u>	<u>142,114</u>	<u>202,314</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	19,976	19,976	-
Operating Transfers Out	(55,127)	(55,127)	-
Other	(473)	(473)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(35,624)</u>	<u>(35,624)</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(95,824)</u>	<u>106,490</u>	<u>202,314</u>
FUND BALANCES, JULY 1	<u>248,867</u>	<u>248,867</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ 153,043</u>	<u>\$ 355,357</u>	<u>\$202,314</u>

The accompanying notes are an integral part of the financial statements.

CASH RESERVE AND CASH FUNDS			CONSTRUCTION FUNDS			FEDERAL FUNDS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 54,683	\$ 54,683	\$ -	\$ 9,604	\$ 9,604	\$ -	\$ -	\$ -	\$ -
181,408	181,408	-	-	-	-	1,125,496	1,125,496	-
451,326	451,326	-	-	-	-	15,294	15,294	-
72,918	72,918	-	612	612	-	17,289	17,289	-
760,335	760,335	-	10,216	10,216	-	1,158,079	1,158,079	-
48,644	34,539	14,105	-	-	-	1,794	749	1,045
54,138	33,755	20,383	-	-	-	40,501	27,101	13,400
16,796	13,991	2,805	-	-	-	1,124	899	225
35,462	8,838	26,624	-	-	-	77,744	53,710	24,034
526,661	370,173	156,488	14,463	13,009	1,454	358,262	290,737	67,525
48,834	38,117	10,717	-	-	-	879,333	749,549	129,784
25,704	16,746	8,958	-	-	-	69,007	30,238	38,769
68,532	43,483	25,049	-	-	-	1,018	703	315
509,767	476,244	33,523	-	-	-	300	87	213
3,493	2,694	799	-	-	-	-	-	-
12	-	12	40,107	13,672	26,435	399	71	328
1,338,043	1,038,580	299,463	54,570	26,681	27,889	1,429,482	1,153,844	275,638
(577,708)	(278,245)	299,463	(44,354)	(16,465)	27,889	(271,403)	4,235	275,638
710,505	710,505	-	19,623	19,623	-	169	169	-
(391,358)	(391,358)	-	(1,761)	(1,761)	-	(200)	(200)	-
4,075	4,075	-	-	-	-	(5)	(5)	-
323,222	323,222	-	17,862	17,862	-	(36)	(36)	-
(254,486)	44,977	299,463	(26,492)	1,397	27,889	(271,439)	4,199	275,638
505,808	505,808	-	9,543	9,543	-	2,393	2,393	-
\$ 251,322	\$ 550,785	\$ 299,463	\$ (16,949)	\$ 10,940	\$ 27,889	\$ (269,046)	\$ 6,592	\$ 275,638

This statement continued on next page.

State of Nebraska

**COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL, CASH, CONSTRUCTION, FEDERAL
AND REVOLVING FUNDS (Continued)**

For the Year Ended June 30, 1997

(Dollars in Thousands)

	REVOLVING FUNDS		
	BUDGET	ACTUAL	VARIANCE
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Federal Grants and Contracts	266	266	-
Sales and Charges	305,089	305,089	-
Other	58,894	58,894	-
TOTAL REVENUES	364,249	364,249	-
EXPENDITURES:			
Current:			
General Government	119,762	100,632	19,130
Conservation of Natural Resources	-	-	-
Culture - Recreation	-	-	-
Economic Development and Assistance	1,637	453	1,184
Education	296,840	249,907	46,933
Health and Social Services	-	-	-
Public Safety	7,866	5,853	2,013
Regulation of Business and Professions	-	-	-
Transportation	-	-	-
Intergovernmental	-	-	-
Capital Projects	-	-	-
TOTAL EXPENDITURES	426,105	356,845	69,260
Excess of Revenues Over (Under) Expenditures	(61,856)	7,404	69,260
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	6,121	6,121	-
Operating Transfers Out	(6,737)	(6,737)	-
Other	1,116	1,116	-
TOTAL OTHER FINANCING SOURCES (USES)	500	500	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(61,356)	7,904	69,260
FUND BALANCES, JULY 1	83,056	83,056	-
FUND BALANCES, JUNE 30	\$ 21,700	\$ 90,960	\$ 69,260

The accompanying notes are an integral part of the financial statements.

State of Nebraska

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS/FUND BALANCES – ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS

For the Year Ended June 30, 1997

(Dollars in Thousands)

(Dollars in Thousands)	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	
OPERATING REVENUES:				
Charges for Services	\$ 77,876	\$ 168,929	\$ -	\$ 246,805
Interest Income	-	-	10,454	10,454
Dividend Income	-	-	1,934	1,934
Gain (Loss) on Sale of Investments, net	-	-	31,310	31,310
Rents and Royalties	-	-	23,546	23,546
Other	-	206	1,960	2,166
TOTAL OPERATING REVENUES	77,876	169,135	69,204	316,215
OPERATING EXPENSES:				
Personal Services	1,066	20,114	1,236	22,416
Services and Supplies	16,746	72,242	2,814	91,802
Financial Assistance	-	-	1,084	1,084
Intergovernmental	-	-	25,461	25,461
Lottery Prizes	40,395	-	-	40,395
Insurance Claims	11,105	75,431	-	86,536
Depreciation	48	9,581	-	9,629
TOTAL OPERATING EXPENSES	69,360	177,368	30,595	277,323
Operating Income (Loss)	8,516	(8,233)	38,609	38,892
NONOPERATING REVENUES (EXPENSES):				
Interest Income	5,843	3,283	-	9,126
Gain (Loss) on Sale of Investments	263	-	-	263
Gain (Loss) on Sale of Fixed Assets	-	469	-	469
Other	-	1,019	-	1,019
TOTAL NONOPERATING REVENUES (EXPENSES)	6,106	4,771	-	10,877
Income (Loss) Before Operating Transfers	14,622	(3,462)	38,609	49,769
OPERATING TRANSFERS:				
Operating Transfers In	-	-	331	331
Operating Transfers Out	(23,232)	-	(476)	(23,708)
TOTAL OPERATING TRANSFERS	(23,232)	-	(145)	(23,377)
Net Income (Loss)	(8,610)	(3,462)	38,464	26,392
RETAINED EARNINGS/FUND BALANCES, JULY 1, AS RESTATED	47,286	65,606	224,212	337,104
RETAINED EARNINGS/FUND BALANCES, JUNE 30	\$ 38,676	\$ 62,144	\$ 262,676	\$ 363,496

The accompanying notes are an integral part of the financial statements.

State of Nebraska

COMBINED STATEMENT OF CASH FLOWS **ALL PROPRIETARY FUND TYPES** **AND NONEXPENDABLE TRUST FUNDS**

For the Year Ended June 30, 1997

(Dollars in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 77,230	\$ 5,568	\$ 25,606	\$108,404
Cash Received from Interfund Charges	-	162,437	-	162,437
Cash Paid to Employees	(1,054)	(19,698)	(1,236)	(21,988)
Cash Paid to Suppliers	(14,564)	(57,116)	(2,715)	(74,395)
Cash Paid for Financial Assistance	-	-	(1,084)	(1,084)
Cash Paid for Intergovernmental	-	-	(25,461)	(25,461)
Cash Paid for Lottery Prizes	(40,252)	-	-	(40,252)
Cash Paid for Insurance Claims	(3,196)	(73,690)	-	(76,886)
Cash Paid for Interfund Services	(3,855)	(13,250)	(106)	(17,211)
NET CASH FLOWS FROM OPERATING ACTIVITIES	14,309	4,251	(4,996)	13,564
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cigarette Tax Proceeds	-	1,400	-	1,400
Operating Transfers In	-	-	839	839
Operating Transfers Out	(23,364)	-	(515)	(23,879)
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	(23,364)	1,400	324	(21,640)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(73)	(5,505)	-	(5,578)
Proceeds from Sale of Fixed Assets	-	1,124	-	1,124
Principal Paid on Capital Leases	-	(4,875)	-	(4,875)
Interest Paid on Capital Leases	-	(433)	-	(433)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(73)	(9,689)	-	(9,762)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of Investment Securities	(99,108)	-	(415,587)	(514,695)
Proceeds from Sale of Investment Securities	96,996	-	406,969	503,965
Interest and Dividend Income	5,879	3,270	12,489	21,638
NET CASH FLOWS FROM INVESTING ACTIVITIES	3,767	3,270	3,871	10,908
NET INCREASE (DECREASE) IN CASH	(5,361)	(768)	(801)	(6,930)
CASH AND CASH EQUIVALENTS, JULY 1	15,640	59,031	15,794	90,465
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 10,279</u>	<u>\$ 58,263</u>	<u>\$ 14,993</u>	<u>\$ 83,535</u>

The accompanying notes are an integral part of the financial statements.

State of Nebraska

COMBINED STATEMENT OF CASH FLOWS **ALL PROPRIETARY FUND TYPES** **AND NONEXPENDABLE TRUST FUNDS (Continued)**

For the Year Ended June 30, 1997

(Dollars in Thousands)

(Dollars in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	(MEMORANDUM ONLY)
RECONCILIATION OF OPERATING INCOME TO NET CASH				
FLows FROM OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 8,516	\$ (8,233)	\$ 38,609	\$ 38,892
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	48	9,581	-	9,629
Interest Income	-	-	(10,454)	(10,454)
Dividend Income	-	-	(1,934)	(1,934)
Gain on Sale of Investments	-	-	(31,310)	(31,310)
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(350)	113	100	(137)
(Increase) Decrease in Due from Other Funds	-	(926)	-	(926)
(Increase) Decrease in Inventories	-	(141)	-	(141)
(Increase) Decrease in Prepaid Expenses	(69)	(188)	-	(257)
(Increase) Decrease in Other Assets	(533)	-	-	(533)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(939)	2,266	(27)	1,300
Increase (Decrease) in Deposits	-	-	21	21
Increase (Decrease) in Due to Other Funds	23	115	(1)	137
Increase (Decrease) in Claims Payable	7,909	1,741	-	9,650
Increase (Decrease) in Deferred Revenue	(296)	(77)	-	(373)
Total Adjustments	5,793	12,484	(43,605)	(25,328)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 14,309	\$ 4,251	\$ (4,996)	\$ 13,564

NONCASH TRANSACTIONS:

Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments. The following noncash transactions occurred during the year: Internal Service Funds acquired fixed assets through capital leases of \$5,384,000 and received \$13,000 of contributed fixed assets.

RECONCILIATION OF CASH AND CASH EQUIVALENTS:

Total Trust and Agency	\$ 319,784
Less: Expendable Trust	217,259
Pension Trust	39,296
Agency	48,236
NONEXPENDABLE TRUST	\$ 14,993

State of Nebraska

STATEMENT OF PLAN NET ASSETS

PENSION TRUST FUNDS

June 30, 1997

(Dollars in Thousands)

	STATE EMPLOYEES RETIREMENT	COUNTY EMPLOYEES RETIREMENT	SCHOOL RETIREMENT	JUDGES RETIREMENT	STATE PATROL RETIREMENT	TOTALS
ASSETS:						
Cash and Cash Equivalents	\$ 10,610	\$ 8,313	\$ 20,277	\$ 75	\$ 21	\$ 39,296
Investments	550,003	117,559	2,947,574	67,686	150,900	3,833,722
Invested Securities Lending Collateral	-	-	374,081	7,850	17,260	399,191
Receivables:						
Contributions	2,495	645	8,182	46	-	11,368
Interest and Dividends	486	160	12,943	298	653	14,540
Other	-	-	46	-	-	46
Total Receivables	2,981	805	21,171	344	653	25,954
Due from Other Funds	-	-	13,585	120	602	14,307
Prepaid Items	-	-	-	-	6	6
Property, Plant, and Equipment, net	-	-	23	1	1	25
TOTAL ASSETS	563,594	126,677	3,376,711	76,076	169,443	4,312,501
LIABILITIES:						
Accounts Payable and Accrued Liabilities	218	109	2,063	-	-	2,390
Due to Other Funds	-	-	14	-	-	14
Obligations under Securities Lending	-	-	374,081	7,850	17,260	399,191
Accrued Compensated Absences	6	4	105	4	4	123
TOTAL LIABILITIES	224	113	376,263	7,854	17,264	401,718
FUND BALANCES RESERVED FOR PENSION BENEFITS	<u>\$ 563,370</u>	<u>\$ 126,564</u>	<u>\$ 3,000,448</u>	<u>\$ 68,222</u>	<u>\$ 152,179</u>	<u>\$ 3,910,783</u>

The accompanying notes are an integral part of the financial statements.

State of Nebraska

STATEMENT OF CHANGES IN PLAN NET ASSETS PENSION TRUST FUNDS

For the Year Ended June 30, 1997

(Dollars in Thousands)

	STATE EMPLOYEES RETIREMENT	COUNTY EMPLOYEES RETIREMENT	SCHOOL RETIREMENT	JUDGES RETIREMENT	STATE PATROL RETIREMENT	TOTALS
ADDITIONS:						
Contributions:						
Member Contributions	\$ 14,631	\$ 4,543	\$ 63,848	\$ 586	\$ 1,574	\$ 85,182
State Contributions	21,754	-	13,511	72	1,921	37,258
Political Subdivision Contributions	-	6,300	64,169	-	-	70,469
Court Fees	-	-	-	450	-	450
Total Contributions	36,385	10,843	141,528	1,108	3,495	193,359
Investment Income:						
Net Appreciation (Depreciation) in Fair Value of Investments	13,126	3,635	381,398	8,856	19,885	426,900
Interest and Dividend Income	33,049	7,670	81,354	1,915	4,214	128,202
Securities Lending Income	-	-	21,471	499	1,101	23,071
Total Investment Income	46,175	11,305	484,223	11,270	25,200	578,173
Investment Expenses	1,258	296	6,281	139	309	8,283
Securities Lending Expenses	-	-	20,389	474	1,046	21,909
Total Investment Expense	1,258	296	26,670	613	1,355	30,192
Net Investment Income	44,917	11,009	457,553	10,657	23,845	547,981
Other Additions	-	-	371	-	50	421
TOTAL ADDITIONS	81,302	21,852	599,452	11,765	27,390	741,761
DEDUCTIONS:						
Benefits	27,226	4,640	65,767	2,522	5,251	105,406
Refunds	-	-	8,482	-	181	8,663
Administrative Expenses	259	145	1,639	46	50	2,139
TOTAL DEDUCTIONS	27,485	4,785	75,888	2,568	5,482	116,208
Net Increase	53,817	17,067	523,564	9,197	21,908	625,553
FUND BALANCES RESERVED FOR PENSION BENEFITS:						
BEGINNING OF YEAR	509,553	109,497	2,476,884	59,025	130,271	3,285,230
END OF YEAR	\$ 563,370	\$ 126,564	\$ 3,000,448	\$ 68,222	\$ 152,179	\$ 3,910,783

The accompanying notes are an integral part of the financial statements.

State of Nebraska

COMBINING BALANCE SHEET **DISCRETELY PRESENTED COMPONENT UNITS** **COLLEGE AND UNIVERSITY FUNDS**

June 30, 1997

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
ASSETS:			
Cash and Cash Equivalents	\$ 252,582	\$ 8,453	\$ 261,035
Cash on Deposit with Fiscal Agents	90,515	8,528	99,043
Investments, at Cost	35,745	-	35,745
Receivables, net of allowance			
Loans	30,946	2,771	33,717
Other	85,961	320	86,281
Due from Other Funds	16,662	98	16,760
Due from Primary Government	14,786	396	15,182
Inventories	12,354	75	12,429
Prepaid Expenses	6,231	389	6,620
Property, Plant, and Equipment	1,106,618	87,046	1,193,664
TOTAL ASSETS	<u>\$ 1,652,400</u>	<u>\$ 108,076</u>	<u>\$ 1,760,476</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$ 93,318	\$ 4,416	\$ 97,734
Deposits Held in Custody	2,159	401	2,560
Due to Other Funds	16,662	98	16,760
Bonds Payable	103,525	12,335	115,860
Capital Lease Obligations	8,924	120	9,044
Accrued Compensated Absences	29,137	-	29,137
Deferred Revenue	15,867	148	16,015
TOTAL LIABILITIES	<u>269,592</u>	<u>17,518</u>	<u>287,110</u>
FUND BALANCES:			
Unrestricted	88,535	3,870	92,405
Restricted	72,641	1,020	73,661
Federal Loan Programs Refundable	29,649	2,383	32,032
Quasi Endowment Designated	16,789	-	16,789
Trusteed Insurance Programs	21,728	-	21,728
Retirement of Indebtedness	-	8,622	8,622
Net Investment in Plant	1,153,466	74,663	1,228,129
TOTAL FUND BALANCES	<u>1,382,808</u>	<u>90,558</u>	<u>1,473,366</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,652,400</u>	<u>\$ 108,076</u>	<u>\$ 1,760,476</u>

The accompanying notes are an integral part of the financial statements.

State of Nebraska

COMBINING STATEMENT OF CHANGES IN FUND BALANCES DISCRETELY PRESENTED COMPONENT UNITS COLLEGE AND UNIVERSITY FUNDS

For the Year Ended June 30, 1997

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
REVENUES AND OTHER ADDITIONS:			
Current Funds Revenues	\$ 587,983	\$ 25,268	\$ 613,251
Federal Grants and Contracts – Restricted	134,193	7,726	141,919
State Grants and Contracts – Restricted	8,137	16	8,153
Local Grants and Contracts – Restricted	4,199	1,191	5,390
Private Gifts, Grants and Contracts – Restricted	65,295	36	65,331
Investment Income – Restricted	12,170	541	12,711
Realized Gains (Losses) on Investments – Restricted	5,718	(29)	5,689
Interest on Loans Receivable	621	61	682
U.S. Government Advances	438	-	438
Expended for Plant Facilities	82,984	3,165	86,149
Retirement of Indebtedness	6,915	2,235	9,150
Retirement of Capitalized Lease Obligations	2,867	-	2,867
Proceeds from Revenue Bonds, net of discount	11,460	-	11,460
Other Sources	24	182	206
TOTAL REVENUES AND OTHER ADDITIONS	923,004	40,392	963,396
EXPENDITURES AND OTHER DEDUCTIONS:			
Educational and General Expenditures	950,264	51,783	1,002,047
Auxiliary Operations Expenditures	114,819	7,378	122,197
Indirect Costs Recovered	12,722	60	12,782
Loan Cancellations, Write-offs, and Allowances	498	104	602
Administrative and Collection Costs	662	27	689
Expended for Plant Facilities	54,139	2,106	56,245
Increase in Capital Lease Obligations	955	-	955
Retirement of Indebtedness	6,915	2,235	9,150
Interest on Indebtedness	5,207	756	5,963
Disposals and Other Reductions of Plant Facilities	41,823	793	42,616
Bond and Lease Financial Expenditures	-	17	17
Issuance of Bonds Payable, net of discount	11,460	-	11,460
Other Deductions	380	1	381
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	1,199,844	65,260	1,265,104
TRANSFERS AMONG FUNDS:			
Operating Transfers from Primary Government	346,906	29,812	376,718
TOTAL TRANSFERS	346,906	29,812	376,718
Net Increase (Decrease) for the Year	70,066	4,944	75,010
FUND BALANCES, JULY 1	1,312,742	85,614	1,398,356
FUND BALANCES, JUNE 30	\$ 1,382,808	\$ 90,558	\$ 1,473,366

The accompanying notes are an integral part of the financial statements.

State of Nebraska

COMBINING STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES DISCRETELY PRESENTED COMPONENT UNITS COLLEGE AND UNIVERSITY FUNDS

For the Year Ended June 30, 1997

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
REVENUES:			
Educational and General:			
Tuition and Fees	\$ 120,585	\$ 14,943	\$ 135,528
Federal Appropriations	5,958	-	5,958
Federal Grants and Contracts	133,216	7,808	141,024
State Grants and Contracts	9,067	246	9,313
Local Grants and Contracts	4,063	1,055	5,118
Private Gifts, Grants and Contracts	50,335	-	50,335
Endowment Income	3,013	-	3,013
Sales and Services of Educational Activities	29,599	-	29,599
Sales and Services of Hospitals and Clinics	247,507	-	247,507
Sales and Services of Auxiliary Operations	109,449	9,712	119,161
Additions to Trusteed Insurance Funds	43,416	-	43,416
Other	17,878	487	18,365
TOTAL REVENUES	774,086	34,251	808,337
EXPENDITURES AND MANDATORY TRANSFERS:			
Educational and General:			
Instruction	229,342	20,486	249,828
Research	114,528	119	114,647
Public Services	64,135	562	64,697
Academic Support	60,207	4,966	65,173
Student Services	16,836	4,731	21,567
Institutional Support	53,722	7,834	61,556
Operation and Maintenance of Plant	44,303	4,230	48,533
Hospitals and Clinics	236,482	-	236,482
Scholarships and Fellowships	85,916	8,855	94,771
Claims Paid From Trusteed Insurance Funds	44,793	-	44,793
TOTAL EDUCATIONAL AND GENERAL EXPENDITURES	950,264	51,783	1,002,047
Auxiliary Operations	114,819	7,378	122,197
Mandatory Transfers, net	9,537	2,200	11,737
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	1,074,620	61,361	1,135,981
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):			
Excess of Restricted Receipts Over			
Transfers to Revenue	8,177	(90)	8,087
Operating Transfers from Primary Government	333,047	27,795	360,842
Nonmandatory Transfers, net	(35,952)	-	(35,952)
TOTAL OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)	305,272	27,705	332,977
NET INCREASE (DECREASE) IN FUND BALANCES	\$ 4,738	\$ 595	\$ 5,333

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 1997

1. Summary of Significant Accounting Policies

A. Basis of Presentation. The accompanying general purpose financial statements of the State of Nebraska (the "State") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements of the Colleges and Universities, which are included as discretely presented component units, are based on the American Institute of Certified Public Accountants (AICPA) College Audit Guide model.

The general purpose financial statements have been prepared primarily from accounts maintained by the State Accounting Administrator of the Department of Administrative Services. Additional data has been derived from audited financial statements of certain entities and from reports prescribed by the Accounting Administrator and prepared by various State agencies and departments based on independent or subsidiary accounting systems maintained by them.

B. Reporting Entity. In determining its financial reporting entity, the State has considered all potential component units for which it is financially accountable, and other organizations which are fiscally dependent on the State, or the significance of their relationship with the State are such that exclusion would be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State.

As required by generally accepted accounting principles, these financial statements present the State of Nebraska (the primary government) and its component units. The component units are included in the State's reporting entity because of the significance of their operational or financial relationships with the State. Complete financial statements of the individual component units that issue separate financial statements as noted below, can be obtained from their respective administrative offices.

Blended Component Units. The following component units are entities that are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State.

They are reported as part of the State and blended into the appropriate funds.

Nebraska Educational Telecommunications Facilities Corporation. The Nebraska Educational Telecommunications Facilities Corporation (NETFC) is a nonprofit corporation formed by the State in 1991 to acquire access to a space satellite to be used by the Nebraska Educational Telecommunications Commission, a State agency. The eleven members of the Board of Commissioners of the Nebraska Educational Telecommunications Commission are appointed by the Governor and serve as the Board of Directors of the NETFC. Even though it is legally separate, the NETFC is reported as if it were part of the primary government because it provides services entirely to the primary government. It is blended into the Special Revenue Funds and the Account Groups.

Nebraska State Building Corporation. The Nebraska State Building Corporation (NSBC) is a nonprofit corporation formed by the State in 1987 to finance the acquisition of property to be used by the State. Even though it is legally separate, the NSBC is reported as if it were part of the primary government because it provides services almost entirely to the primary government. It is blended into the Special Revenue Funds and the Account Groups.

Discretely Presented Component Units. The following component units are entities that are legally separate from the State, but are financially accountable to the State, or their relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The component units are reported in a separate column to emphasize that they are legally separate from the primary government and governed by separate boards.

Nebraska State Colleges. The Board of Trustees of the Nebraska State Colleges governs Chadron State College, Peru State College and Wayne State College. The Board of Trustees is also the Board of Directors of the Nebraska State Colleges Facilities Corporation, a nonprofit corporation incorporated in 1983 to finance the repair or construction of buildings or the acquisition of equipment for use by the State Colleges. The Board of Trustees consists of the Commissioner of Education and six members appointed by the Governor. Audit reports have been issued under separate cover.

University of Nebraska. The University of Nebraska consists of the following campuses:

University of Nebraska – Lincoln, University of Nebraska at Omaha, University of Nebraska at Kearney, and University of Nebraska Medical Center. The University of Nebraska is governed by an elected eight-member Board of Regents. The Board of Regents is also the Board of Directors of the University of Nebraska Facilities Corporation, a nonprofit corporation organized by the Board of Regents in 1930 to finance buildings and hold them in trust for the University of Nebraska. Audit reports have been issued under separate cover.

The colleges and universities are funded through State appropriations, tuition, federal grants, and private donations and grants.

Related Organizations. The State's officials are responsible for appointing members of boards of other organizations, but the State's accountability for these organizations does not extend beyond making these appointments. The Governor appoints the boards of the following organizations: Nebraska Educational Facilities Authority, Nebraska Investment Finance Authority, Research and Development Authority, and Wyuka Cemetery.

C. Fund Structure. The State's accounts are maintained in accordance with the principles of fund accounting to insure compliance with limitations and restrictions placed on the use of resources available to it. Under fund accounting, individual funds are established for the purpose of carrying on activities or attaining objectives in accordance with specific regulations, restrictions, or limitations. Each individual fund is a self-balancing set of accounts recording cash and other financial resources, together with liabilities and residual equities or balances, and changes therein. In the general purpose financial statements, however, funds that have similar characteristics have been combined into generic fund types as required by GAAP. These generic fund types differ from the State's budgetary funds that are described in Note 2. A brief description of these fund types and account groups used by the State and the categories into which they are grouped follows:

Governmental Funds. Transactions related to resources received and used for those services traditionally provided by a state government. Governmental funds include:

General Fund. Reflects transactions related to resources received and used for those services traditionally provided by a state government, which are not accounted for in any other fund.

Special Revenue Funds. Reflect transactions related to resources received and used for restricted or specific purposes.

Capital Projects Fund. Reflects transactions related to resources received and used for the acquisition, construction, or improvement of permanent facilities.

Proprietary Funds. Transactions related to activities similar to those found in the private sector. Proprietary funds include:

Enterprise Funds. Reflect transactions used to account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

Internal Service Funds. Reflect transactions used to account for centrally operated services and centrally procured commodities that are provided to other State departments and agencies and other governmental units of the State. The services and commodities are charged to recipient agencies on a cost reimbursement basis.

Fiduciary Funds. Transactions related to assets held by the State in a trust or agency capacity. The State's fiduciary funds include Pension Trust, Nonexpendable Trust, Expendable Trust, and Agency funds as follows:

Pension Trust Funds. Reflect the transactions, assets, liabilities, and fund equities of State retirement systems.

Nonexpendable Trust Funds. Reflect the transactions, assets, liabilities, and fund equity of trusts whose principal must be maintained intact and whose income is used to fund the activity.

Expendable Trust Funds. Reflect the transactions, assets, liabilities, and fund equity of trusts whose principal and income may be used to fund the activity.

Agency Funds. Reflect amounts held by the State for others.

Account Groups. The Account Groups are maintained to account for general long-term debt and fixed assets not accounted for in other funds of the State.

General Fixed Assets Account Group. Used to account for general fixed assets of the State exclusive of assets held by the proprietary funds and component units.

General Long-Term Debt Account Group. Used to account for long-term obligations of the State including bonds payable, obligations

under lease purchase agreements, claims, obligations under other financing arrangements, and compensated absences exclusive of liabilities of the proprietary funds, certain trust funds, and component units.

College and University Funds. The Component Units include College and University Funds that are legally separate from the State but are considered part of the reporting entity. The College and University Funds reflect transactions related to resources received and used in the operation of the State's institutions of higher education and related medical teaching hospital. The College and University Funds include:

Current Funds, which account for unrestricted funds over which the governing boards retain full control in achieving the institutions' purposes and restricted funds that may be utilized in accordance with externally restricted purposes.

Loan, Endowment, and Agency funds which account for assets in which the colleges and universities act in a fiduciary capacity.

Plant Funds that account for institutional property acquisition, renewal, replacement, and debt service.

D. Basis of Accounting. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds, nonexpendable trust funds, and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

All governmental fund types, expendable trust funds, and agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the

amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Major revenues that are determined to be susceptible to accrual include taxpayer-assessed tax revenues, unemployment compensation taxes, federal grants-in-aid, charges for services, and investment income. All other taxes are recognized when received. Federal grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are made. Revenues collected on an advance basis, including certain federal grant revenue, to which the State does not yet have legal entitlement, are not recognized as revenue until the related expenditures are incurred. Generally, the State considers a one-year availability period for revenue recognition.

Expenditures are recorded when the related fund liability is incurred. Exceptions to the modified accrual expenditure recognition criteria include principal and interest on general long-term indebtedness which are recognized when due and compensated absences which are recognized when paid.

Proprietary fund types, pension trust funds, and nonexpendable trust funds utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Lottery Fund instant ticket revenue is recognized when tickets are sold to the retailer and on-line revenue is recognized after the drawing is completed for the respective wagers. Lottery Fund prize expense is recognized in the same period that ticket revenue is recognized based on the predetermined prize structure for each game.

In reporting the financial activity of its proprietary funds, the State applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The College and University Funds are reported on the accrual basis of accounting except that depreciation related to plant fund assets is not recorded and revenues and expenditures of an academic term encompassing more than one fiscal year are reported solely in the fiscal year in which the program is predominately conducted.

E. Cash and Cash Equivalents. In addition to bank accounts and petty cash, this classification includes all short-term investments such as certificates of

deposit, repurchase agreements, and U.S. treasury bills having original maturities (remaining time to maturity at acquisition) of three months or less. These investments are stated at cost, which at June 30, 1997, approximated market. Banks pledge collateral, as required by law, to guarantee State funds held in time and demand deposits.

F. Cash on Deposit with Fiscal Agents. Assets held by the trustees for the Nebraska Educational Telecommunications Facilities Corporation, the Nebraska State Building Corporation, the State Revolving Fund, and the Master Lease Purchase Program are reflected as cash on deposit with fiscal agents. Proceeds of College and University Revenue Bond issuances held in interest bearing accounts, awaiting disbursement, are also recorded as cash on deposit with fiscal agents in the Component Units column.

G. Investments. Investments as reported on the balance sheet include long-term investments. Law or other legal instruments may restrict these investments. All investments of the primary government are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. The investments of the College and University Funds are stated at cost.

H. Receivables. Receivables are stated net of estimated allowances for uncollectible amounts, which are determined based upon past collection experience and current economic conditions.

I. Inventories. Inventories of materials and supplies are determined by both physical counts and through perpetual inventory systems. Governmental Fund inventories are recorded as expenditures when purchased, with the exception of the Highway and Health and Social Services, Special Revenue Funds. The Highway Fund and the Health and Social Services Fund inventories are valued at average cost. Proprietary Funds' and College and University Funds' valuation method is primarily at the lower of cost (first-in, first-out) or market.

Food stamps and commodities on hand at June 30, 1997, are reflected as inventories, offset by a like amount of deferred revenue, in the Federal Special Revenue Fund. Food stamp inventory is reported at face value and commodities are reported at fair values established by the federal government at the date received. The amounts of food stamps and commodities distributed during the year, which approximated \$73,838,000 and \$8,157,000, respectively, are reflected as revenues and expenditures of the Special Revenue Funds.

J. Fixed Assets. General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All fixed assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

At June 30, 1997, buildings were valued at \$269,322,000. Of this total, \$208,699,000 was valued at estimated historical cost and \$60,623,000 was valued at actual historical cost. The estimate of historical cost is based on appraised values as of October 31, 1986, indexed to date of acquisition. All buildings acquired after October 31, 1986, have been valued at historical cost.

Fixed assets do not include infrastructure such as highways, bridges and lighting systems, as these assets are immovable and of value only to the government. Art objects, collections of historical material and other artifacts, although considered valuable are not assigned a value for financial statement purposes. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Generally, equipment that has a cost in excess of \$1,000 at the date of acquisition and has an expected useful life of two or more years is capitalized. Substantially all initial building costs, land and land improvements costing in excess of \$50,000 are capitalized. Building improvements and renovations in excess of \$50,000 are capitalized if a substantial portion of the life of the asset has expired and if the useful life of the asset has been extended as a result of the renovation or improvement.

Assets in the General Fixed Assets Account Group and the College and University Funds are not depreciated. Depreciation of machinery, equipment and buildings in the proprietary fund types is recorded using the straight-line method.

In proprietary funds the following estimated useful lives are used to compute depreciation:

Buildings	40 years
Equipment	3-10 years

K. Compensated Employee Absences. All permanent employees earn sick and annual leave. Temporary and intermittent employees and Board and Commission members are not eligible for paid leave.

State employees accrue vested annual leave at a variable rate based on years of service. Generally, accrued annual leave cannot exceed 35 days at the end of a calendar year. It is the State's policy to

liquidate unpaid annual leave at June 30 from future sources rather than currently available expendable resources. Accordingly, governmental and expendable trust funds recognize annual leave when it is paid. A long-term liability of \$38,337,000 for the accumulated annual leave in governmental and expendable trust funds has been recorded in the General Long-Term Debt Account Group as of June 30, 1997.

Employees accrue sick leave at a variable rate based on years of service. In general, accrued sick leave cannot exceed 180 days. Sick leave is not vested except upon death or upon reaching the retirement eligibility age of 55, at which time, the State is liable for 25 percent of the employee's accumulated sick leave. It is the State's policy to liquidate vested sick leave at June 30 from future resources rather than currently available expendable resources. Accordingly, governmental and expendable trust funds recognize sick leave when it is paid. A long-term liability of \$29,923,000 for accumulated sick leave expected to be paid as termination payments in governmental and expendable trust funds has been recorded in the General Long-Term Debt Account Group as of June 30, 1997.

Some State agencies permit employees to accumulate compensatory leave rather than paying overtime. It is the State's policy to liquidate compensatory leave at June 30 from future resources rather than currently available expendable resources. Accordingly, governmental and expendable trust funds recognize compensatory leave when it is paid. A long-term liability of \$2,028,000 for the vested portion of the accumulated compensatory leave in governmental and expendable trust funds has been recorded in the General Long-Term Debt Account Group as of June 30, 1997.

All proprietary and similar trust funds recognize the expense and accrued liability when vacation and compensatory leave is earned or when sick leave is expected to be paid as termination payments.

The College and University Funds recognize the expense and accrued liability when sick and vacation leave is earned.

L. Fund Equity Reserves. Reservations of fund balance are established to identify the existence of assets that are not available for subsequent year appropriations (i.e., prepaid items and inventories) or have been legally segregated for specific purposes. Assets of legally restricted budgetary funds are an example of this type of reservation. Reservations of fund balance are also established for assets that are not current in nature, such as long-term loans receivable. Reservations of retained earnings are established for assets that are legally

restricted for specific purposes and therefore not available to fund current operations. The Enterprise Fund has reserved retained earnings for long-term deposits with the Multi-State Lottery.

M. Interfund Transactions. Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Totals - Memorandum Only. The "Totals - Memorandum Only" column represents an aggregation of individual account balances. The column is presented for overview informational purposes and does not present consolidated financial information since interfund balances and transactions have not been eliminated.

O. Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. Budgetary Process

The State's biennial budget cycle ends on June 30 of the odd-numbered years. By September 15, prior to a biennium, all State agencies, including colleges and universities, must submit their budget requests for the biennium beginning the following July 1. The requests are submitted on forms that show estimated funding requirements by programs, subprograms, and activities. The Governor reviews the agency requests, establishes priorities, and presents the Legislature with one or more pieces of legislation covering the biennium. The Legislature holds hearings on the Governor's proposed budget, adopts changes and presents final legislation to the Governor. The Governor can either: a) approve the appropriation bill in its entirety, b) veto the bill, or c) line item veto certain sections of the bill. Any vetoed bill or line item can be overridden by a three-fifths majority of the Legislature.

The approved appropriations set spending limits by fund type for programs within each agency. These limits may include up to five budgetary fund types. Thus, the legal level of control is fund type within

program within agency. The central accounting system maintains this control. A separate publication titled "Annual Budgetary Report" shows the detail of this legal level of control. This publication is available from the Department of Administrative Services, Accounting Division.

Appropriations are made for each fiscal year of the biennium; balances at the end of the first fiscal year are carried over into the second fiscal year, unless directed otherwise by the Legislature. For most appropriations, balances lapse at the end of the biennium. During fiscal year 1997, the Legislature passed a deficit appropriation bill that increased the allowable expenditure level in several of the programs.

The budgetary fund types used by the State differ from the generic fund types presented in the general purpose financial statements. The budgetary funds, which are listed below, are generally segregated by revenue sources. Of these seven fund types, only the first five are subject to the spending limits set by the appropriations bills.

General Fund. To account for activities funded by general tax dollars, primarily sales and income taxes.

Cash Reserve and Cash Funds. To account for financial resources used as a reserve for the General Fund if the General Fund balance should become inadequate to meet current obligations, to account for the financing of goods or services provided by a State agency to individuals or entities outside State government on a cost-reimbursement basis, and to account for the revenues and expenditures related to highway construction.

Construction Funds. To account for financial resources to be used for the acquisition or construction of major capital facilities.

Federal Funds. To account for the financial resources related to the receipt and disbursement of funds generated from the federal government as a result of grants and contracts except for federal highway monies accounted for in the Cash Funds.

Revolving Funds. To account for the financing of goods or services provided by one State agency to another State agency on a cost-reimbursement basis.

Trust Funds. To account for assets held in a trustee capacity.

Distributive Funds. To account for assets held as an agent for individuals, private organizations, and other governments and/or other funds.

The accompanying general purpose financial statements were prepared by converting budgetary fund data into the fund format required by GAAP. The Cash Basis of accounting is used for all budgetary fund types.

All State budgetary expenditures for the general, cash, construction, federal and revolving fund types are made pursuant to appropriations that may be amended by the Legislature, upon approval by the Governor. State agencies may allocate appropriations between object of expenditure accounts, except that personal service expenditures that exceed limitations contained in the appropriations bill require Legislative amendment. Any changes in appropriations are made through an annual deficit bill or other legislation. Appropriations from the federal fund type are considered to be estimated and the Legislature has approved an administrative procedure for changing them.

The State utilizes encumbrance accounting to account for purchase orders, contracts, and other expenditure commitments. However, State law does not require that all encumbrances be recorded in the State's centralized accounting system and as a result, the encumbrances that were recorded in the accounting system have not been included in the accompanying general purpose financial statements except for the impact as described below.

Under State budgetary procedures, appropriation balances related to outstanding encumbrances at the end of a biennium are lapsed and reappropriated in the first year of the next biennium. In addition, the State Budget Administrator is required by law to review all encumbrances at the end of each biennium. The effect of the State's current procedures is to include in the budget columns of the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual the current year's appropriations plus the amounts reappropriated for encumbrances outstanding at the end of the prior biennium. This procedure indicates the State's intention to honor the encumbrances at the end of a biennium. The expenditure columns of the Statement include cash payments related to the appropriated and reappropriated amounts. For the year ended June 30, 1997, there were no budgetary funds in which expenditures exceeded appropriations.

Revenues are not budgeted for any funds except for the General Fund tax revenues. For financial reporting purposes, the budget columns for revenues on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual are reflected as being equal to actual revenues for all other revenue categories.

There are no annual budgets prepared for Trust and Distributive Funds and as a result, no budgetary comparisons are presented.

A reconciliation of the budgetary versus GAAP fund equities as of June 30, 1997, follows:

GENERAL PURPOSE FINANCIAL STATEMENT FUND EQUITIES

(Dollars in Thousands)	BUDGETARY FUND EQUITIES TOTAL	PRIMARY GOVERNMENT						COMPONENT UNITS
		GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	COLLEGES AND UNIVERSITIES
PERSPECTIVE DIFFERENCES:								
Classification of budgetary fund equities into Financial Statement fund structure:								
General	\$ 355,357	\$ 355,357	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash	550,785	40,963	357,233	74	574	2,246	4,172	145,523
Construction	10,940	-	101	10,279	-	-	-	560
Federal	6,592	-	7,585	38	-	-	-	(1,031)
Revolving	90,960	-	3,519	-	-	26,822	-	60,619
Budgetary fund equities classified into general purpose financial statement fund structure	<u>\$ 1,014,634</u>	396,320	368,438	10,391	574	29,068	4,172	205,671
BASIS DIFFERENCES:								
Record amount due Colleges and Universities		(15,182)	-	-	-	-	-	15,182
Record fixed assets		-	-	-	122	21,172	-	1,193,664
Record taxes receivable		170,784	32,713	-	-	-	-	-
Record tax refund liability		(184,772)	(3,789)	-	-	-	-	-
Record amount due pensions		(13,932)	-	-	-	-	-	-
Record claims payable		(51,099)	(50,545)	-	-	(29,816)	-	-
Record capitalized lease obligations		-	-	-	-	(9,769)	-	(9,044)
Record other net accrued receivables, liabilities and inventories		(49,412)	127,419	(706)	-	24,835	-	43,274
Record deferred federal revenue		-	(21,019)	-	-	-	-	-
Other		-	858	-	-	-	-	-
ENTITY DIFFERENCES:								
Record funds not budgeted		-	51,194	-	37,980	28,763	4,187,711	24,619
Record entities not included in the accounting system		-	-	-	-	-	209,084	-
GAAP fund equities, June 30, 1997		<u>\$ 252,707</u>	<u>\$ 505,269</u>	<u>\$ 9,685</u>	<u>\$ 38,676</u>	<u>\$ 64,253</u>	<u>\$ 4,400,967</u>	<u>\$ 1,473,366</u>

3. Cash and Cash Equivalents and Investments

Cash and Cash Equivalents. "Cash and Cash Equivalents" as reported on the combined balance sheet are under the control of the State Treasurer or other administrative bodies as determined by law. All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State's Investment Council that maintains a short-term investment pool for such investments. Interest earned on these investments is allocated to funds based on their percentage of the investment pool.

Investments. "Investments" as reported on the combined balance sheet include long-term investments. Law or other legal instruments may restrict these investments. "Investments" are under the control of the

State Treasurer or other administrative bodies as determined by law.

4. Deposits and Investments Portfolio

Listed below is a summary of the deposit and investment portfolio that comprises the Cash and Cash Equivalents and Investments on the June 30, 1997, combined balance sheet. All securities purchased or held must either be in the custody of the State or deposited with an agent in the State's name.

Deposits. At June 30, 1997, the carrying amounts of the Primary Government's deposits were \$66,774,000 and the bank balances were \$143,623,000. All bank balances were covered by federal depository insurance or by collateral held by the State's agent in the State's name.

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State Statutes require that the aggregate amount of collateral securities deposited by a bank with the State Treasurer shall at all times equal ten percent more than the amount of public funds deposited in that bank, less the amount insured by the Federal Deposit Insurance Corporation. During the year the amount of public funds deposited with a bank occasionally exceeded the amount of collateral required by statute. The State Treasurer had compensating balance agreements with various banks totaling \$19,408,000 at June 30, 1997.

At June 30, 1997, the carrying amounts of the Component Units' deposits were \$2,292,000 and the bank balances were \$1,710,000. Of the bank balances, \$1,204,000 was covered by federal depository insurance or by collateral held by the Component Units' agent in the Component Units' name, \$175,000 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Component Units' name and \$331,000 was not collateralized.

Investments. State Statute Section 72-1246 authorizes the State Investment Officer to invest the State's funds in accordance with the prudent person rule. The State Investment Officer may not buy on margin, buy call options, or buy put options. Certain State entities are also allowed by statute to invest in real estate and other investments.

The State's investments are categorized to give an indication of the level of risk assumed by the State at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the State's name.

INVESTMENTS – PRIMARY GOVERNMENT AT JUNE 30, 1997

(Dollars in Thousands)	CATEGORY			TOTAL FAIR VALUE
	1	2	3	
U.S. Government Securities				
Not on Securities Loan	\$ 1,087,996	\$ 1,839	\$ -	\$ 1,089,835
On Securities Loan	51,417			51,417
Corporate Bonds	255,033	-	-	255,033
Equity Securities				
Not on Securities Loan	1,394,712	-	-	1,394,712
On Securities Loan	1,554			1,554
Commercial Paper	341,599	-	-	341,599
Municipal Bonds	10,675	-	-	10,675
	<u>\$ 3,142,986</u>	<u>\$ 1,839</u>	<u>\$ -</u>	<u>3,144,825</u>
Pooled Investment Contracts				594,117
Investment in U.S. Treasury				
Investment Pool				196,702
Investments held by Broker-Dealers				
Under Securities Loans				
U.S. Government Securities				398,368
Corporate Bonds				16,456
Equity Securities				163,147
Securities Lending Short-term Collateral				
Investment Pool				592,946
Mutual Funds				1,111,244
Less: Component Unit Investment				
in State Investment Pool				(258,743)
Total Investments				<u>\$ 5,959,062</u>

The Pension Trust Funds own approximately 77 percent of the investments that are in Category 1.

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A reconciliation of deposits and investments for the Primary Government to the Combined Balance Sheet at June 30, 1997, is as follows (dollars in thousands):

Disclosure Regarding Deposits and Investments:

Total Investments	\$ 5,959,062
Carrying amount of Deposits	66,774
Total	<u>\$ 6,025,836</u>

Combined Balance Sheet:

Cash and Cash Equivalents	\$ 692,357
Cash on Deposit with Fiscal Agents	10,064
Investments	4,730,469
Invested Securities Lending Collateral	592,946
Total	<u>\$ 6,025,836</u>

Securities Lending Transactions. State Statute Section 72-1247, authorizes the State Investment Officer to participate in securities lending transactions, where securities are loaned to broker-dealers and banks with a simultaneous agreement to return the collateral for the same securities in the future. The State's custodial bank administers the securities lending program and receives cash, United States government or government agency obligations, or convertible bonds at least equal in value

to the market value of the loaned securities as collateral for securities of the type on loan at year-end. Securities lent at year-end for cash collateral are presented as unclassified in the preceding schedule of custodial risk; securities lent for securities collateral are classified according to the category for the collateral. At year-end, the State had no credit risk exposure to borrowers because the amounts the State owes the borrowers exceed the amounts the borrowers owe the State. The collateral securities can not be pledged or sold by the State unless the borrower defaults. There are no restrictions on the amount of securities that can be loaned, and there were no losses resulting from borrower default during the year.

Either the State or the borrowers can terminate all securities loans on demand. Cash collateral is invested in one of the lending agent's short-term investment pools that had average durations of 50 and 61 days. Because loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. There is no loss indemnification provided to the State by the contract with the custodian.

INVESTMENTS - COMPONENT UNITS AT JUNE 30, 1997

(Dollars in Thousands)	CATEGORY			CARRYING AMOUNT	MARKET VALUE
	1	2	3		
Repurchase Agreements	\$ -	\$ -	\$ 1,727	\$ 1,727	\$ 1,727
U.S. Government Securities	-	-	76,710	76,710	80,630
Corporate Bonds	-	-	4,739	4,739	4,806
Equity Securities	-	-	16,914	16,914	31,317
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,090</u>	100,090	118,480
Mutual Funds				34,381	34,381
Real Estate				317	317
Investment in State Investment Pool				258,743	258,743
Total Investments				<u>\$ 393,531</u>	<u>\$ 411,921</u>

A reconciliation of deposits and investments for the Component Units to the Combined Balance Sheet at June 30, 1997, is as follows (dollars in thousands):

Disclosure Regarding Deposits and Investments:

Total Investments	\$ 393,531
Carrying amount of Deposits	2,292
Total	<u>\$ 395,823</u>

Combined Balance Sheet:

Cash and Cash Equivalents	\$ 261,035
Cash on Deposit with Fiscal Agents	99,043
Investments	35,745
Total	<u>\$ 395,823</u>

8. Lease Commitments

Capital and Operating Leases. The State leases land, office facilities, equipment, and other assets under both capital and operating leases. Although the lease terms may vary, all leases are subject to annual appropriation by the Legislature.

The present value of future minimum capital lease payments and minimum annual lease payments for operating and capital leases as of June 30, 1997, are as follows (dollars in thousands):

YEAR	CAPITAL LEASES			
	PRIMARY GOVERNMENT		COMPONENT UNITS	
	GENERAL		COLLEGE AND UNIVERSITY FUNDS	PRIMARY GOVERNMENT OPERATING LEASES
	INTERNAL SERVICE FUNDS	LONG-TERM DEBT ACCOUNT GROUP		
1998	\$ 5,639	\$ 1,458	\$ 2,554	\$ 1,568
1999	2,523	1,531	1,777	218
2000	1,500	1,165	1,305	71
2001	562	521	1,105	71
2002	191	442	1,025	71
Thereafter	-	6,095	3,921	107
Total Minimum Payments	10,415	11,212	11,687	<u>\$ 2,106</u>
Less:				
interest and executory costs	646	3,542	2,643	
Present value of net minimum payments	<u>\$ 9,769</u>	<u>\$ 7,670</u>	<u>\$ 9,044</u>	

Operating lease payments for the year ended June 30, 1997, totaled \$5,886,000.

Capital leases have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of property and equipment under capital leases as of June 30, 1997 (dollars in thousands):

	PRIMARY GOVERNMENT		COMPONENT UNITS
		GENERAL	
		FIXED	COLLEGE
	INTERNAL	ASSET	AND
	SERVICE	ACCOUNT	UNIVERSITY
	FUNDS	GROUP	FUNDS
Buildings	\$ -	\$ 4,565	\$ 11,803
Equipment	21,141	4,075	3,447
Less: accumulated depreciation	(12,816)	-	-
Carrying value	\$ 8,325	\$ 8,640	\$ 15,250

Lessor Transactions. The State also is a lessor of property, primarily farm land leased by the Board of Educational Lands and Funds to farmers and ranchers. At June 30, 1997, the State owned approximately 1.5 million acres of land that was under lease. Under the terms of the leases, the annual payments are subject to change based on annual market analysis. Total rents of \$22,765,000 were received under these and other lease agreements for the year ended June 30, 1997.

9. General Long-Term Debt

The following is a summary of changes in the general long-term debt account group during the fiscal year (dollars in thousands):

	BALANCE JULY 1, 1996		ADDITIONS	DELETIONS	BALANCE JUNE 30, 1997
Bonds Payable	\$ 10,195	\$ -	\$ 1,205	\$ -	\$ 8,990
Capital Lease Obligations	2,049	6,427	806	-	7,670
Claims Payable	1,575	636	1,024	-	1,187
Obligations Under Other Financing Arrangements	11,475	1,485	895	-	12,065
Compensated Absences	64,790	5,498	-	-	70,288
Totals	<u>\$ 90,084</u>	<u>\$ 14,046</u>	<u>\$ 3,930</u>	<u>\$ -</u>	<u>\$ 100,200</u>

The additions in compensated absences represent a net increase. "Claims Payable" consists of the long-term portion of Medicaid claims.

10. Obligations Under Other Financing Arrangements

The State has entered into special financing arrangements with certain public benefit corporations and municipalities for the purpose of lease/purchasing fixed assets and to fund certain grant programs. Under these arrangements, the State enters into an agreement with a public benefit corporation or municipality to issue debt and construct or purchase a fixed asset or capitalize a loan program. Money is appropriated from special revenue sources other than State tax receipts to pay the debt service. This arrangement does not violate the constitutional restrictions on the incurrence of debt since debt service is being paid from user fees and not general tax revenues.

Between 1991 and 1997, the State entered into arrangements with the Nebraska Investment Finance Authority to capitalize a loan program to local units of government for wastewater treatment facilities.

The State has a contractual arrangement with the City of Grand Island, Nebraska, which financed the construction of the Nebraska Law Enforcement Training Center in Grand Island. This facility is operated by the State and provides law enforcement training for state and local law enforcement personnel. This contractual arrangement provides for the payment of rentals sufficient to cover the related bond debt

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service and for passage of title to the State after the bonds have been paid.

Changes in these financing arrangements for the year were as follows (dollars in thousands):

	BALANCE JULY 1, 1996	ADDITIONS	DELETIONS	BALANCE JUNE 30, 1997
Nebraska Investment Finance Authority	\$ 9,505	\$ 1,485	\$ 690	\$ 10,300
City of Grand Island	1,970	-	205	1,765
Totals	<u>\$ 11,475</u>	<u>\$ 1,485</u>	<u>\$ 895</u>	<u>\$ 12,065</u>

A summary of the future minimum contractual obligations including interest at rates from 4.75 percent to 6.80 percent is as follows (dollars in thousands):

YEAR	PRINCIPAL	INTEREST	TOTAL
1998	\$ 1,095	\$ 559	\$ 1,654
1999	1,390	507	1,897
2000	1,645	451	2,096
2001	1,705	391	2,096
2002	1,775	325	2,100
Thereafter	4,455	645	5,100
Total	<u>\$ 12,065</u>	<u>\$ 2,878</u>	<u>\$ 14,943</u>

11. Contributed Capital

Changes in Internal Service Fund contributed capital accounts during the year were as follows:

(Dollars in Thousands)

	CONTRIBUTED CAPITAL, JULY 1, 1996	CONTRI- BUTIONS	CONTRIBUTED CAPITAL, JUNE 30, 1997
Correctional Services	\$ 205	\$ -	\$ 205
Central Data Processing	1,824	-	1,824
Risk Management	8	13	21
Accounting Services	59	-	59
Total	<u>\$ 2,096</u>	<u>\$ 13</u>	<u>\$ 2,109</u>

12. Accounting Changes

GASB Statement 28, "Accounting and Financial Reporting for Securities Lending Transactions" was implemented during fiscal year 1997. The statement requires certain types of collateral received on securities lending transactions be reported as assets and liabilities in the balance sheet. The statement also requires costs of securities lending transactions be reported as expenditures rather than netted with investment income.

GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" was implemented during fiscal year 1997. The statement requires investments to be reported at fair value rather than at cost.

As of June 30, 1996, certain fund balances were restated as follows:

PRIMARY GOVERNMENT RESTATEMENT OF BEGINNING FUND EQUITY (Dollars in Thousands)			
	SPECIAL REVENUE	ENTERPRISE	NONEX- PENDABLE TRUST
Fund Equity as of June 30, 1996, previously reported	\$ 473,162	\$ 47,405	\$ 198,748
Implementation of GASB Statement 31	32	(119)	25,464
Fund Equity as of June 30, 1996, as restated	<u>\$ 473,194</u>	<u>\$ 47,286</u>	<u>\$ 224,212</u>

13. Pension Plans

Plans Administered by the Public Employees Retirement Board

The Public Employees Retirement Board, which consists of seven members, was created in 1971 to administer the Nebraska retirement plans then in existence. Those plans were the School, State Employees', Judges' and State Patrol plans. In October of 1973, the Public Employees Retirement Board assumed the administration of the Nebraska Counties Retirement System. The plans have been created in accordance with Internal Revenue Code, Sections 401(a) and 414(h). Contribution and benefit provisions are established by State law and may only be amended by the State Legislature.

The Board prepares separate reports for the defined contribution plans and for the defined benefit plans. Copies of these reports that include financial statements and required supplementary information for the plans may be obtained by writing to Public Employees Retirement Systems, P.O. Box 94816, Lincoln, NE 68509-4816, or by calling 402-471-2053.

Basis of Accounting. The financial statements of the plans are prepared using the accrual basis of accounting, and are included as pension trust funds in the accompanying general purpose financial statements. Plan member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Plan Description and Funding Policy. By State law, there is to be an equitable allocation of expenses among the retirement systems administered by the Board, and all expenses shall be provided from the investment income earned by the various retirement funds. Following is a summary of each of these plans:

State Employees' Retirement. This plan became effective January 1, 1964, and is a single-employer defined contribution plan established to provide benefits at retirement to general employees of the State. The amounts presented in the accompanying general purpose financial statements for the State Employees' Retirement System are for the fiscal year ended December 31, 1996.

Participation in the plan is required on reaching the age of 30 and completion of two years of continuous service. Each member contributes 3.6 percent of the first \$24,000 of pay earned in a calendar year and 4.8 percent of pay over \$24,000. The State matches a member's contribution at a rate of 156 percent.

As of December 31, 1996, there were 12,982 active members and 1,882 inactive members. Members contributed \$14,631,000 and the State contributed \$21,754,000 during the year ended December 31, 1996, which was equal to required contributions.

County Employees' Retirement. In 1973, the State Legislature brought the County Employees' Retirement System under the administration of the Board. The amounts presented in the accompanying general purpose financial statements for the County Employees' Retirement System are for the fiscal year ended December 31, 1996.

The plan is a multiple-employer defined contribution plan that covers employees of 91 of the 93 counties. Participation in the plan is required of all employees working 20 or more hours per week upon the completion of one year of continuous service and of all elected officials. County employees and elected officials contribute four percent and commissioned officers of the Sheriff's Department (for participating counties with an excess of 85,000 inhabitants) contribute six percent of their total compensation. The counties contribute six percent and eight percent, respectively. The State is not required to contribute to this plan.

As of December 31, 1996, there were 6,036 active members and 994 inactive members. Members contributed \$4,543,000 and counties contributed \$6,300,000 during the year ended December 31, 1996, which were equal to required contributions.

School Retirement. The School Retirement System is a cost-sharing multiple-employer defined benefit pension plan with 701 participating school districts. All regular public school employees in Nebraska, other than those who have their own retirement plan, are members of the system. The benefits are based on both service and contributions.

The State's contribution is based on an annual actuarial valuation. The employees' contribution is 7.25 percent of their total pay and the school district's contribution is 101 percent of the employees' contribution.

Judges' Retirement. The Judges' Retirement System is a single-employer defined benefit pension system. The membership includes judges and associate judges employed by the State for the Supreme Court, Court of Appeals, District Court, Workers' Compensation Court, County Court, and Juvenile Court. Benefits are based on both service and final average salary. Benefits vest when the judge takes office.

Members' contributions, a portion of court fees collected, and the State's contribution, which is based on an annual actuarial valuation, fund the plan. The judges contribute six percent of their salary.

State Patrol Retirement. The State Patrol Retirement System is a single-employer defined benefit pension system for officers of the patrol. The benefits are based on a percentage of the final average salary multiplied by years of service, not to exceed 75 percent of the average salary. Participation is mandated upon employment.

Members are required to contribute ten percent of their annual pay, which is matched by the State Patrol. The State's contribution is based on an annual actuarial valuation.

The following table provides the schedules of funding progress for the single-employer defined benefit contribution plans:

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS**

(Dollars in Thousands)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(a-b) Excess of Assets over AAL	(a/b) Funded Ratio	(c) Covered Payroll	((a-b)/c) Excess as a Percentage of Covered Payroll
Judges'						
6/30/97	\$ 60,668	\$ 60,668	\$ -	100.0 %	\$ 12,176	- %
6/30/96	56,060	56,060	-	100.0	11,616	-
6/30/95	51,676	51,676	-	100.0	11,131	-
State Patrol						
6/30/97	\$ 134,722	\$ 100,797	\$ 33,925	133.7 %	\$ 13,768	246.4 %
6/30/96	123,349	110,302	13,047	111.8	13,905	93.8
6/30/95	111,881	105,354	6,527	106.2	13,513	48.3

The following schedule presents the primary actuarial assumptions used in the most recent actuarial reports for the single-employer defined benefit contribution plans:

	JUDGES' RETIREMENT	STATE PATROL RETIREMENT
Actuarial Valuation Date	6/30/97	6/30/97
Actuarial Cost Method	Frozen Entry Age	Frozen Entry Age
Amortization Method	Level Dollar	Level Dollar
Remaining Amortization Period	-	13 Years
Mortality	1971 Group Annuity Table	1983 Group Annuity Table
Asset Valuation Method	5-year Smoothed Market	5-year Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return **	8.0%	8.0%
Projected Salary Increases **	5.0%	Graded 7.0% to 4.5%

** Includes assumed inflation of 3.8% per year.

THREE-YEAR TREND INFORMATION

(Dollars in Thousands)

YEAR ENDED JUNE 30	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
School			
1997	\$ 6,659	100%	\$ -
1996	7,129	100	-
1995	10,744	100	-
Judges'			
1997	\$ -	100%	\$ -
1996	122	100	-
1995	659	100	-
State Patrol			
1997	\$ 1,519	100%	\$ -
1996	1,340	100	-
1995	1,148	100	-

Concentrations. The defined contribution plans held Guaranteed Investment Contracts (GIC's) with insurance companies that represent five percent or more of the plan net assets. At December 31, 1996, the State Employees' Retirement System held five of these GIC's totaling \$318,221,000 and the County Employees' Retirement System held four of these GIC's totaling \$48,342,000.

Other Plans

Department of Labor, Division of Employment Security Retirement Plan. As of July 1, 1996, the date of the most recent actuarial valuation, there were 221 current or former employees of the Nebraska Department of Labor, Employment Security Division (Federal Special Revenue Fund) who were participants (196 active; 25 inactive) in a defined benefit retirement plan administered by the Principal Financial Group (plan carrier). The plan is fully funded through participants' contributions and special federal revenues from the U.S. Department of Labor, Employment and Training Administration and is accounted as a non-contributing plan (no State General Fund Revenues).

The plan includes only employees hired by the Nebraska Department of Labor, Employment Security Division prior to July 1, 1984. Employees becoming eligible for retirement plan participation subsequent to that date are covered by the State Employees' Retirement plan.

The employees' contribution rate to the defined benefit plan is set by the Commissioner of Labor at somewhere between zero and seven percent of earnings each year based on an annual review of the financial condition of the plan as presented by the insurance company's actuaries. The employer contribution is based on an annual Actuarial Valuation Report and includes contributions for prior service. Retirement benefits are based on a percentage formula that includes the employee's salary and years of credited service.

The July 1, 1996, net present value of assets available for benefits was \$63,734,000 which exceeded the present value of future retirement benefits by \$3,213,000. The average assumed rate of return used in determining the actuarial value of accumulated plan benefits was 7.5 percent.

The Nebraska Department of Labor's required and actual current year employer contributions were \$0. The total personal services for the Division of Employment was \$13,687,000. The total payroll for the active participants in this plan was \$6,409,000.

Component Units. The Teachers Insurance and Annuity Association (TIAA-CREF), a privately administered defined contribution retirement plan, provides individual retirement fund contracts for eligible employees of the State Colleges and Universities. Under the plan, eligible employees contribute 2 percent to 6 percent of monthly earnings and the institutions match the employees' contributions plus an additional 1 percent to 2.5 percent of earnings. Participation in the plan is required upon reaching the age of 30 with two years of continuous service. Voluntary participation is permitted upon reaching the age of 25 and two years of continuous service. The plan benefits are fully vested at the date of contribution. The State assumes no liability for the plan other than payment of contributions.

The total payroll for the State Colleges and Universities for fiscal year 1997 was \$537,619,000 of which \$419,248,000 was covered by the plan. The institutions' contributions were \$29,743,000 or 7.09 percent of covered payroll and the employees' contributions were \$21,595,000 or 5.15 percent of covered payroll.

14. Deferred Compensation Plan

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan, available to all State employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to all employees until termination, retirement, death, or unforeseeable emergency. The plan is recorded as an agency fund of the State.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

The State has the duty of due care that would be required of an ordinary prudent investor. The State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

The following is a summary of the increases and decreases of the fund for the year ended June 30, 1997 (dollars in thousands).

Fund assets (at market value), July 1, 1996	\$ 69,522
Deferrals of compensation	5,892
Earnings and adjustment to market value	14,665
Payments to eligible participants and beneficiaries	(4,149)
Administrative expenses	(64)
Fund assets (at market value), June 30, 1997	<u>\$ 85,866</u>

15. Contingencies and Commitments

Grants and Contracts. The State participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the State.

All State agencies including institutions of higher education are required to comply with various federal regulations issued by the U.S. Office of Management and Budget if such agency or institution is a recipient of federal grants, contracts, or other sponsored agreements. Certain agencies or institutions may not be in total compliance with these regulations. Failure to comply may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. It is believed that the ultimate disallowance pertaining to these regulations, if any, will not be material to the overall financial condition of the State.

Litigation. The State is named as a party in legal proceedings that occur in the normal course of governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contract, condemnation proceedings and other alleged violations of State and Federal laws.

It is not possible at the present time to estimate ultimate outcome or liability, if any, of the State for all these proceedings. However, approximately \$9,000,000 is included in claims payable for judgments that have been rendered against the State as of June 30, 1997. It is the State's opinion that the ultimate liability for these and other proceedings is not expected to have a material adverse effect on the State's financial position.

State of Nebraska

Construction Commitments. At June 30, 1997, the State had contractual commitments of approximately \$231,584,000 for various highway and building projects. Funding of these future expenditures is expected to be provided as follows (dollars in thousands):

Federal funds	\$ 74,012
State funds	148,525
Local funds	9,047
	<u>\$ 231,584</u>

At June 30, 1997, the Colleges and Universities had contracted for the construction of several facilities that are estimated to cost \$217,759,000. The approximate remaining costs to complete these facilities were \$103,401,000, which will be financed as follows (dollars in thousands):

State appropriations	\$ 26,980
Federal funds	182
University funds	21,878
Private gifts, grants and contracts	40,193
Bond funds	14,168
	<u>\$ 103,401</u>

16. Risk Management

Through the Department of Administrative Services, Division of Risk Management, the State maintains an insurance and self-insurance program. Workers' compensation, employee liability and general liability under State law are self-insured. The Colleges and Universities are self-insured for a portion of their comprehensive general and hospital professional liability and property losses. Motor vehicle liability is insured for the first \$1 million of exposure per accident and employee dishonesty is bonded for the first \$1 million annually with a \$10,000 retention per incident. Settled claims have not exceeded this commercial insurance coverage in any of the past three years. The State retains the full risk for all real and personal property damage. The Division of Risk Management also maintains health care and life insurance for covered State employees. These activities are reported in the Risk Management Internal Service Fund.

Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The balance of claims liabilities is determined by an analysis of past, current, and future estimated loss experience. Because actual claims liabilities depend on such factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability may not result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balances of claims liabilities during the years ended June 30, 1997, and 1996, were as follows (dollars in thousands):

	Fiscal Year	
	1997	1996
Beginning Balance	\$ 28,075	\$ 29,848
Current Year Claims and Changes in Estimates	75,431	65,601
Claim Payments	73,690	67,374
Ending Balance	<u>\$ 29,816</u>	<u>\$ 28,075</u>

17. Segment Information

The State maintains two enterprise funds. The Lottery Fund accounts for all receipts and expenses from the operations of the State Lottery. The Excess Liability Fund accounts for liability insurance coverage provided to health care providers.

Segment information for the fiscal year ended June 30, 1997, is as follows (dollars in thousands):

	LOTTERY	EXCESS LIABILITY
Operating Revenue	\$ 76,620	\$ 1,256
Operating Expenses:		
Depreciation	48	-
Other	57,098	12,214
Operating Income	19,474	(10,958)
Operating Transfers Out	(23,232)	-
Nonoperating Revenues	1,117	4,989
Net Income (Loss)	<u>\$ (2,641)</u>	<u>\$ (5,969)</u>
Current Assets	\$ 14,065	\$ 980
Current Liabilities	7,814	4,068
Net Working Capital	<u>\$ 6,251</u>	<u>\$ (3,088)</u>
Total Assets	\$ 16,820	\$ 61,887
Total Liabilities	9,349	30,682
Retained Earnings	<u>\$ 7,471</u>	<u>\$ 31,205</u>
Long-Term Liabilities	<u>\$ 1,535</u>	<u>\$ 26,614</u>
Property, Plant and Equipment, Additions	<u>\$ 73</u>	<u>\$ -</u>

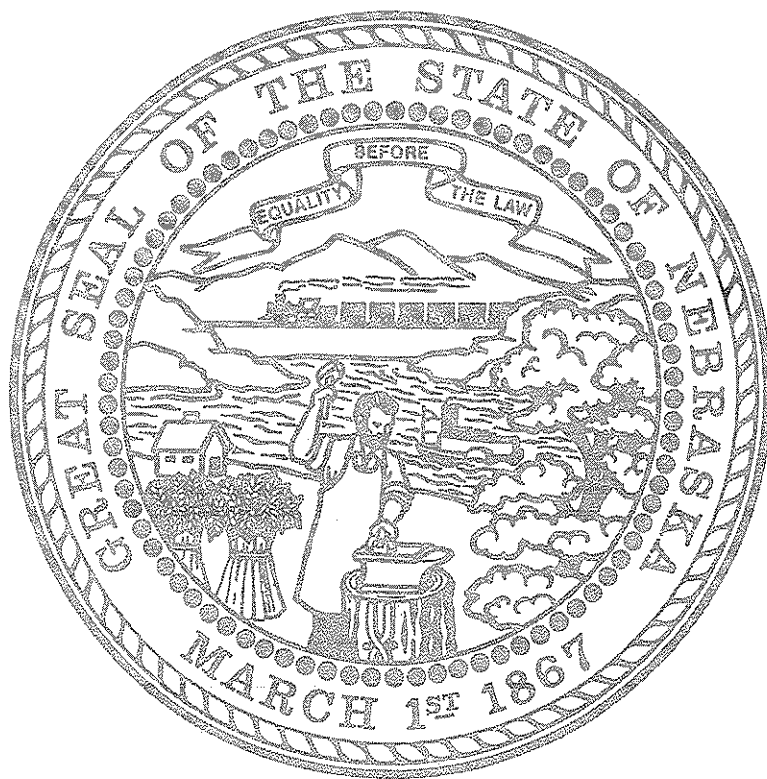
There were no operating grants, entitlements, tax or shared revenues, or capital contributions during 1997.

18. Subsequent Events

On July 15, 1997, the University of Nebraska issued \$21,575,000 of revenue bonds to make improvements and additions to Memorial Stadium on the campus of the University of Nebraska - Lincoln. Principal and interest payments will be paid from revenues generated by the ownership and operation of Memorial Stadium, including donations to the football program at the University of Nebraska - Lincoln.

On October 1, 1997, the University of Nebraska and Bishop Clarkson Memorial Hospital (Clarkson) entered into a Joint Operating Agreement (Agreement) forming

the Nebraska Health System (NHS), a Nebraska nonprofit corporation, a single integrated health care organization combining and integrating the operations and facilities of Clarkson and University Hospital. NHS was formed pursuant to the terms and provisions of the Agreement, which included the contribution of certain net assets by the Board of Regents and Clarkson and the lease of the health care facilities from such parties. NHS will lease the facilities in exchange for payment amounts equal to debt service on existing and/or defeased debt. In addition, to the extent that sufficient funds are available, annual distributions to the parties in the amount of \$6,000,000 will be made. The total leased facilities and contributed net assets will approximate \$250,000,000. NHS is governed by a Board of Directors comprised of six members appointed by Clarkson and six members appointed by the Board of Regents. The Agreement contains certain complex provisions related to dissolution that generally provides for an equal distribution of the assets based on fair market value to the parties.



COMBINING AND INDIVIDUAL FUND STATEMENTS

SPECIAL REVENUE FUNDS

Specific revenues that are legally restricted to expenditure for particular activities are accounted for in Special Revenue Funds. A brief description of each fund follows.

Licensing and Regulation. This fund accounts for all activities of agencies, boards, and commissions whose primary function is licensing individuals and regulating industry and professions. This includes a diverse group of professions such as abstracters, medical professions, barbers, engineers, architects and accountants.

Highway Fund. This fund accounts for the activities of the Department of Motor Vehicles and the Department of Roads in relation to gas taxes and other highway user fees.

Economic Development. This fund accounts for activities to develop and promote the growth of industry, agriculture, commerce and tourism, and utilization of resources within Nebraska.

Airport Development. This fund accounts for the activities relating to aircraft fuels tax, which is administered by the Department of Aeronautics for the support and maintenance of public airports.

Game and Parks. This fund accounts for the activities related to the Nebraska Game and Parks Commission, which is responsible for the development and preservation of the fish and wildlife resources of Nebraska, and operation and administration of the State park system.

Energy Conservation. This fund accounts for activities relating to the oil and gas severance taxes as well as energy conservation and development activities. The State Energy Office is responsible for providing technical assistance on energy conservation and development, distributing funds for the school weatherization program, and administering and distributing federal funds provided to the State in the area of energy efficiency.

Federal Fund. This fund accounts for substantially all federal monies received by the State, except those received by the Highway Fund and the Colleges and Universities.

Health and Social Services. This fund accounts for activities of agencies, boards, and commissions relating to health care and social services.

Other Special Revenue. This fund accounts for various other revenues that must be used for specific purposes.

State of Nebraska

COMBINING BALANCE SHEET **ALL SPECIAL REVENUE FUNDS**

June 30, 1997

(Dollars in Thousands)

	LICENSING AND REGULATION	HIGHWAY FUND	ECONOMIC DEVELOPMENT
ASSETS:			
Cash and Cash Equivalents	\$ 18,119	\$ 81,652	\$ 24,813
Cash on Deposit with Fiscal Agents	-	-	-
Investments	29,264	65,328	20,860
Invested Securities Lending Collateral	8,567	20,900	6,674
Receivables, net of allowance			
Taxes	156	32,381	-
Due from Federal Government	15	18,106	-
Loans	-	-	207
Other	1,224	17,657	478
Due from Other Funds	64	193	225
Inventories	-	11,726	-
Prepaid Items	30	-	-
Other	17	4	495
TOTAL ASSETS	\$ 57,456	\$ 247,947	\$ 53,752
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$ 1,587	\$ 54,207	\$ 89
Tax Refunds Payable	-	3,789	-
Due to Other Governments	127	15,688	-
Deposits	1,050	320	495
Due to Other Funds	9,246	985	59
Obligations under Securities Lending	8,567	20,900	6,674
Claims Payable	-	-	-
Deferred Revenue	-	-	-
Other	-	80	-
TOTAL LIABILITIES	20,577	95,969	7,317
FUND BALANCES:			
Reserved for:			
Long-Term Receivables	-	-	207
Inventories and Prepaid Items	30	11,726	-
Debt Service	-	-	-
Unreserved	36,849	140,252	46,228
TOTAL FUND BALANCES	36,879	151,978	46,435
TOTAL LIABILITIES AND FUND BALANCES	\$ 57,456	\$ 247,947	\$ 53,752

AIRPORT DEVELOPMENT	GAME AND PARKS	ENERGY CONSERVATION	FEDERAL FUND	HEALTH AND SOCIAL SERVICES	OTHER SPECIAL REVENUE	TOTALS
\$ 5,652	\$ 17,786	\$ 7,398	\$ 18,730	\$ 13,495	\$ 40,152	\$ 227,797
-	-	-	-	-	10,064	10,064
-	15,288	-	2,816	-	46,418	179,974
-	4,891	-	324	-	11,833	53,189
148	-	-	-	-	28	32,713
9	427	-	93,955	-	-	112,512
2,865	-	19,351	1,981	2,167	56,605	83,176
105	351	85	7,227	3,907	1,196	32,230
97	634	80	35	916	10,382	12,626
-	-	-	18,295	1,271	-	31,292
-	38	-	6	11	12	97
-	-	-	-	-	107	623
<u>\$ 8,876</u>	<u>\$ 39,415</u>	<u>\$ 26,914</u>	<u>\$ 143,369</u>	<u>\$ 21,767</u>	<u>\$ 176,797</u>	<u>\$ 776,293</u>
\$ 230	\$ 2,199	\$ 50	\$ 35,731	\$ 1,968	\$ 3,223	\$ 99,284
-	-	-	-	-	-	3,789
-	-	-	-	-	-	15,815
-	-	-	6,091	384	40	8,380
7	219	2	3,340	198	4,527	18,583
-	4,891	-	324	-	11,833	53,189
-	-	-	50,545	-	-	50,545
-	147	-	21,019	-	-	21,166
-	2	-	-	187	4	273
<u>237</u>	<u>7,458</u>	<u>52</u>	<u>117,050</u>	<u>2,737</u>	<u>19,627</u>	<u>271,024</u>
2,865	-	19,351	1,981	2,167	56,605	83,176
-	38	-	6	1,282	12	13,094
-	-	-	-	-	10,075	10,075
<u>5,774</u>	<u>31,919</u>	<u>7,511</u>	<u>24,332</u>	<u>15,581</u>	<u>90,478</u>	<u>398,924</u>
<u>8,639</u>	<u>31,957</u>	<u>26,862</u>	<u>26,319</u>	<u>19,030</u>	<u>157,170</u>	<u>505,269</u>
<u>\$ 8,876</u>	<u>\$ 39,415</u>	<u>\$ 26,914</u>	<u>\$ 143,369</u>	<u>\$ 21,767</u>	<u>\$ 176,797</u>	<u>\$ 776,293</u>

State of Nebraska

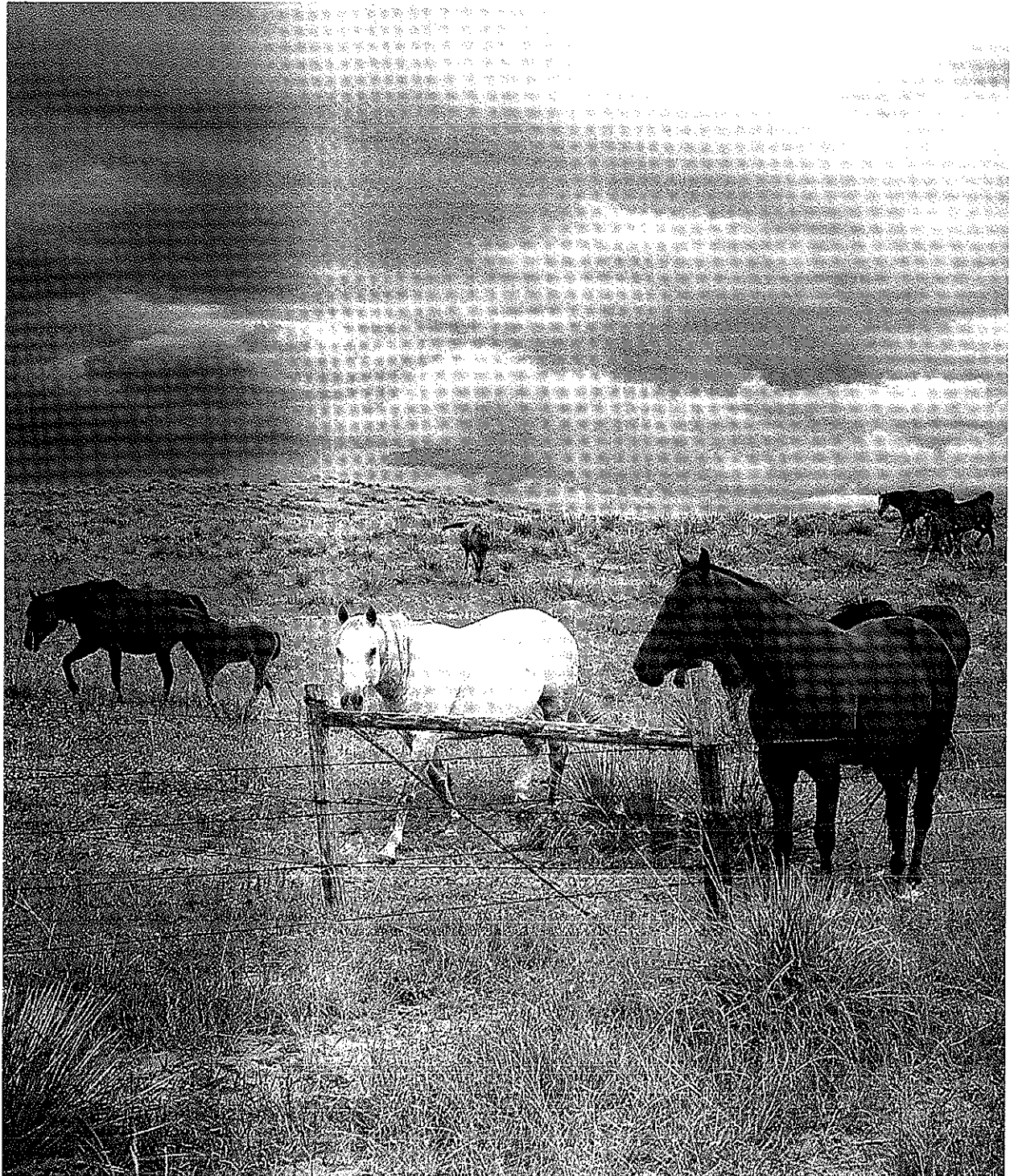
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ALL SPECIAL REVENUE FUNDS

For the Year Ended June 30, 1997

(Dollars in Thousands)

	LICENSING AND REGULATION	HIGHWAY FUND	ECONOMIC DEVELOPMENT
REVENUES:			
Taxes	\$ 15,082	\$ 360,701	\$ 17,654
Federal Grants and Contracts	61	140,290	27
Licenses, Fees and Permits	37,417	56,671	-
Charges for Services	2,343	14,078	153
Investment Income	3,265	7,690	2,861
Rents and Royalties	-	340	-
Other	1,315	3,610	925
TOTAL REVENUES	59,483	583,380	21,620
EXPENDITURES:			
Current:			
General Government	-	-	-
Conservation of Natural Resources	-	-	-
Culture - Recreation	-	-	-
Economic Development and Assistance	-	-	8,586
Education	-	-	-
Health and Social Services	-	-	-
Public Safety	-	-	-
Regulation of Business and Professions	39,701	-	-
Transportation	-	606,451	-
Intergovernmental	-	-	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
TOTAL EXPENDITURES	39,701	606,451	8,586
Excess of Revenues Over (Under) Expenditures	19,782	(23,071)	13,034
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	2,010	21,352	8,000
Operating Transfers Out	(17,065)	(5,413)	(21,314)
Operating Transfers to Component Units	-	-	-
Proceeds from Other Financing Arrangements	-	-	-
Proceeds from Capital Leases	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(15,055)	15,939	(13,314)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	4,727	(7,132)	(280)
FUND BALANCES, JULY 1	32,152	159,110	46,715
Residual Equity Transfers	-	-	-
FUND BALANCES, JUNE 30	\$ 36,879	\$ 151,978	\$ 46,435

AIRPORT DEVELOPMENT	GAME AND PARKS	ENERGY CONSERVATION	FEDERAL FUND	HEALTH AND SOCIAL SERVICES	OTHER SPECIAL REVENUE	TOTALS
\$ 1,587	\$ 1,342	\$ 300	\$ -	\$ 3,867	\$ 15,812	\$ 416,345
12,604	4,004	251	972,455	164	728	1,130,584
-	14,542	-	-	1,414	18,067	128,111
242	3,194	20	11,749	28,159	6,055	65,993
304	2,006	596	1,328	529	7,183	25,762
589	5,654	-	22	371	2,039	9,015
77	836	103	14,820	7,867	5,281	34,834
<u>15,403</u>	<u>31,578</u>	<u>1,270</u>	<u>1,000,374</u>	<u>42,371</u>	<u>55,165</u>	<u>1,810,644</u>
-	-	-	735	-	17,929	18,664
-	20,794	329	13,308	-	9,072	43,503
-	13,683	-	897	-	744	15,324
-	-	-	53,408	-	933	62,927
-	-	-	144,923	-	15,098	160,021
-	-	-	742,497	38,758	171	781,426
-	-	-	28,324	-	17,245	45,569
-	-	-	732	-	554	40,987
15,476	-	-	20	-	-	621,947
-	-	-	-	-	2,702	2,702
-	-	-	-	-	1,895	1,895
-	-	-	-	-	1,114	1,114
<u>15,476</u>	<u>34,477</u>	<u>329</u>	<u>984,844</u>	<u>38,758</u>	<u>67,457</u>	<u>1,796,079</u>
<u>(73)</u>	<u>(2,899)</u>	<u>941</u>	<u>15,530</u>	<u>3,613</u>	<u>(12,292)</u>	<u>14,565</u>
476	5,859	-	-	702	35,824	74,223
-	-	-	(13,371)	-	(2,001)	(59,164)
-	-	-	-	-	(4,011)	(4,011)
-	-	-	-	-	1,485	1,485
-	-	-	-	418	4,565	4,983
<u>476</u>	<u>5,859</u>	<u>-</u>	<u>(13,371)</u>	<u>1,120</u>	<u>35,862</u>	<u>17,516</u>
403	2,960	941	2,159	4,733	23,570	32,081
8,236	28,997	38,932	24,160	14,258	120,634	473,194
-	-	(13,011)	-	39	12,966	(6)
<u>\$ 8,639</u>	<u>\$ 31,957</u>	<u>\$ 26,862</u>	<u>\$ 26,319</u>	<u>\$ 19,030</u>	<u>\$ 157,170</u>	<u>\$ 505,269</u>



Horses, Cherry County.

ENTERPRISE FUNDS

Enterprise Funds are maintained to account for operations that are financed and operated in a manner similar to private business enterprises—where the costs of providing goods and services to the general public are financed primarily through user charges.

Lottery Fund. This fund accounts for all receipts and expenses from the operations of the State Lottery.

Excess Liability Fund. This fund accounts for the activity resulting from implementation of the Nebraska Hospital-Medical Liability Act. Revenues are primarily insurance premiums from certain health care providers and a surcharge levied on all health care providers in Nebraska. Expenses from the fund are used to pay judgments against the insured health care provider.

State of Nebraska
COMBINING BALANCE SHEET
ENTERPRISE FUNDS

June 30, 1997

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	TOTALS
ASSETS			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 9,882	\$ 397	\$ 10,279
Receivables, net of allowance	3,973	583	4,556
Prepaid Items	210	-	210
TOTAL CURRENT ASSETS	<u>14,065</u>	<u>980</u>	<u>15,045</u>
RESTRICTED ASSETS:			
Long-Term Deposits	<u>2,633</u>	<u>-</u>	<u>2,633</u>
NONCURRENT ASSETS:			
Long-Term Investments	-	54,609	54,609
Invested Securities Lending Collateral	-	6,298	6,298
Property, Plant and Equipment, net	122	-	122
TOTAL NONCURRENT ASSETS	<u>122</u>	<u>60,907</u>	<u>61,029</u>
TOTAL ASSETS	<u>\$ 16,820</u>	<u>\$ 61,887</u>	<u>\$ 78,707</u>
LIABILITIES AND RETAINED EARNINGS			
CURRENT LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$ 6,525	\$ -	\$ 6,525
Due to Other Funds	1,289	39	1,328
Claims Payable	-	3,594	3,594
Deferred Revenue	-	435	435
TOTAL CURRENT LIABILITIES	<u>7,814</u>	<u>4,068</u>	<u>11,882</u>
NONCURRENT LIABILITIES:			
Accrued Compensated Absences	79	-	79
Contractual Obligations	1,456	-	1,456
Obligations under Securities Lending	-	6,298	6,298
Claims Payable	-	20,316	20,316
TOTAL NONCURRENT LIABILITIES	<u>1,535</u>	<u>26,614</u>	<u>28,149</u>
TOTAL LIABILITIES	<u>9,349</u>	<u>30,682</u>	<u>40,031</u>
RETAINED EARNINGS:			
Reserved for Lottery Prizes	2,633	-	2,633
Unreserved	4,838	31,205	36,043
TOTAL RETAINED EARNINGS	<u>7,471</u>	<u>31,205</u>	<u>38,676</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$ 16,820</u>	<u>\$ 61,887</u>	<u>\$ 78,707</u>

State of Nebraska

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS ENTERPRISE FUNDS

For the Year Ended June 30, 1997

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	TOTALS
OPERATING REVENUES:			
Charges for Services	\$ 76,620	\$ 1,256	\$ 77,876
TOTAL OPERATING REVENUES	<u>76,620</u>	<u>1,256</u>	<u>77,876</u>
OPERATING EXPENSES:			
Personal Services	1,066	-	1,066
Services and Supplies	15,637	1,109	16,746
Lottery Prizes	40,395	-	40,395
Insurance Claims	-	11,105	11,105
Depreciation	48	-	48
TOTAL OPERATING EXPENSES	<u>57,146</u>	<u>12,214</u>	<u>69,360</u>
Operating Income (Loss)	<u>19,474</u>	<u>(10,958)</u>	<u>8,516</u>
NONOPERATING REVENUES (EXPENSES):			
Interest Income	1,117	4,726	5,843
Gain (Loss) on Sale of Investments	-	263	263
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,117</u>	<u>4,989</u>	<u>6,106</u>
Income (Loss) Before Operating Transfers	<u>20,591</u>	<u>(5,969)</u>	<u>14,622</u>
OPERATING TRANSFERS:			
Operating Transfers Out	<u>(23,232)</u>	<u>-</u>	<u>(23,232)</u>
Net Income (Loss)	<u>(2,641)</u>	<u>(5,969)</u>	<u>(8,610)</u>
RETAINED EARNINGS, JULY 1, AS RESTATED	<u>10,112</u>	<u>37,174</u>	<u>47,286</u>
RETAINED EARNINGS, JUNE 30	<u>\$ 7,471</u>	<u>\$ 31,205</u>	<u>\$ 38,676</u>

State of Nebraska

COMBINING STATEMENT OF CASH FLOWS

ENTERPRISE FUNDS

For the Year Ended June 30, 1997

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 76,270	\$ 960	\$ 77,230
Cash Paid to Employees	(1,054)	-	(1,054)
Cash Paid to Suppliers	(13,610)	(954)	(14,564)
Cash Paid for Lottery Prizes	(40,252)	-	(40,252)
Cash Paid for Insurance Claims	-	(3,196)	(3,196)
Cash Paid for Interfund Services	(3,729)	(126)	(3,855)
NET CASH FLOWS FROM OPERATING ACTIVITIES	17,625	(3,316)	14,309
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating Transfers Out	(23,364)	-	(23,364)
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	(23,364)	-	(23,364)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING:			
Acquisition and Construction of Capital Assets	(73)	-	(73)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(73)	-	(73)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investment Securities	-	(99,108)	(99,108)
Proceeds from Sale of Investment Securities	-	96,996	96,996
Interest and Dividend Income	1,097	4,782	5,879
NET CASH FLOWS FROM INVESTING ACTIVITIES	1,097	2,670	3,767
NET INCREASE (DECREASE) IN CASH	(4,715)	(646)	(5,361)
CASH AND CASH EQUIVALENTS, JULY 1	14,597	1,043	15,640
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 9,882</u>	<u>\$ 397</u>	<u>\$ 10,279</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 19,474	\$ (10,958)	\$ 8,516
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	48	-	48
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(350)	-	(350)
(Increase) Decrease in Prepaid Expenses	(69)	-	(69)
(Increase) Decrease in Other Assets	(533)	-	(533)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(939)	-	(939)
Increase (Decrease) in Due to Other Funds	(6)	29	23
Increase (Decrease) in Claims Payable	-	7,909	7,909
Increase (Decrease) in Deferred Revenue	-	(296)	(296)
Total adjustments	(1,849)	7,642	5,793
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 17,625</u>	<u>\$ (3,316)</u>	<u>\$ 14,309</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the operations of State agencies that provide goods and services to other departments or agencies within State government on a cost-reimbursement basis. The State has the following internal service funds:

Correctional Services. The activities of Cornhusker State Industries in the Department of Correctional Services are accounted for in this fund.

Buildings and Grounds. The activities of the Department of Administrative Services, Building Division, for space rental, office and storage, and operating the parking areas are accounted for in this fund.

General Services. This fund accounts for the operations of central services provided by the Department of Administrative Services, Materiel Division. These operations are the central mailroom, printing, central stores, purchasing services, surplus State property, and other miscellaneous office services.

Communications. This fund accounts for the activities of the central communications network maintained by the Department of Administrative Services, Communications Division.

Central Data Processing. The central data processing operations maintained by the Department of Administrative Services, Data Processing Division, are accounted for in this fund.

Transportation Services Bureau. This fund accounts for the operations of the central motor pool, which is under the Department of Administrative Services, Transportation Services Bureau.

Risk Management. The activities of the Department of Administrative Services, Division of Risk Management, which include workers' compensation and general liability claims, and of the State Employees Insurance Fund, which include life and health insurance programs, are accounted for in this fund.

Accounting Services. The accounting operations maintained by the Department of Administrative Services, Accounting Division, are accounted for in this fund.

Other Internal Service Funds. This fund accounts for the micrographics services and warehousing of records by the Records Management Division of the Secretary of State, the activities of the Investment Council, and the temporary employee pool maintained by the Department of Administrative Services, Division of State Personnel.

State of Nebraska
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS

June 30, 1997

(Dollars in Thousands)

	CORRECTIONAL SERVICES	BUILDINGS AND GROUNDS	GENERAL SERVICES	COMMUNICATIONS
ASSETS				
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 3,813	\$ 1,974	\$ 4,939	\$ 4,046
Receivables, net of allowance				
Accounts	185	-	23	306
Accrued Interest	45	25	51	42
Due from Other Funds	1,086	230	1,095	1,066
Inventories	1,185	-	468	-
Prepaid Items	-	539	352	-
TOTAL CURRENT ASSETS	<u>6,314</u>	<u>2,768</u>	<u>6,928</u>	<u>5,460</u>
Property, Plant and Equipment, net	<u>2,054</u>	<u>821</u>	<u>2,243</u>	<u>1,471</u>
TOTAL ASSETS	<u>\$ 8,368</u>	<u>\$ 3,589</u>	<u>\$ 9,171</u>	<u>\$ 6,931</u>
LIABILITIES AND FUND EQUITY				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$ 280	\$ 268	\$ 656	\$ 1,002
Deposits	-	-	672	-
Due to Other Funds	16	97	56	12
Claims Payable	-	-	-	-
Capital Lease Obligations	-	151	-	-
Deferred Revenue	-	-	-	518
TOTAL CURRENT LIABILITIES	<u>296</u>	<u>516</u>	<u>1,384</u>	<u>1,532</u>
NONCURRENT LIABILITIES:				
Capital Lease Obligations	-	514	-	-
Accrued Compensated Absences	179	377	212	127
Claims Payable	-	-	-	-
TOTAL NONCURRENT LIABILITIES	<u>179</u>	<u>891</u>	<u>212</u>	<u>127</u>
TOTAL LIABILITIES	<u>475</u>	<u>1,407</u>	<u>1,596</u>	<u>1,659</u>
FUND EQUITY:				
Contributed Capital	205	-	-	-
Retained Earnings	<u>7,688</u>	<u>2,182</u>	<u>7,575</u>	<u>5,272</u>
TOTAL FUND EQUITY	<u>7,893</u>	<u>2,182</u>	<u>7,575</u>	<u>5,272</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 8,368</u>	<u>\$ 3,589</u>	<u>\$ 9,171</u>	<u>\$ 6,931</u>

CENTRAL DATA PROCESSING	TRANSPORTATION SERVICES	RISK MANAGEMENT	ACCOUNTING SERVICES	OTHER INTERNAL SERVICE	TOTALS
\$ 6,620	\$ 3,069	\$ 32,243	\$ 677	\$ 882	\$ 58,263
27	29	7	-	3	580
62	35	368	7	10	645
5,519	398	20,788	-	409	30,591
-	5	-	-	-	1,658
-	-	-	-	121	1,012
<u>12,228</u>	<u>3,536</u>	<u>53,406</u>	<u>684</u>	<u>1,425</u>	<u>92,749</u>
7,981	6,021	11	70	500	21,172
<u>\$ 20,209</u>	<u>\$ 9,557</u>	<u>\$ 53,417</u>	<u>\$ 754</u>	<u>\$ 1,925</u>	<u>\$ 113,921</u>
\$ 3,017	\$ 92	\$ 476	\$ 42	\$ 246	\$ 6,079
-	-	-	-	-	672
166	54	15	80	11	507
-	-	10,392	-	-	10,392
4,987	-	-	-	134	5,272
-	-	-	-	-	518
<u>8,170</u>	<u>146</u>	<u>10,883</u>	<u>122</u>	<u>391</u>	<u>23,440</u>
3,720	-	-	-	263	4,497
1,077	60	12	153	110	2,307
-	-	19,424	-	-	19,424
<u>4,797</u>	<u>60</u>	<u>19,436</u>	<u>153</u>	<u>373</u>	<u>26,228</u>
<u>12,967</u>	<u>206</u>	<u>30,319</u>	<u>275</u>	<u>764</u>	<u>49,668</u>
1,824	-	21	59	-	2,109
<u>5,418</u>	<u>9,351</u>	<u>23,077</u>	<u>420</u>	<u>1,161</u>	<u>62,144</u>
<u>7,242</u>	<u>9,351</u>	<u>23,098</u>	<u>479</u>	<u>1,161</u>	<u>64,253</u>
<u>\$ 20,209</u>	<u>\$ 9,557</u>	<u>\$ 53,417</u>	<u>\$ 754</u>	<u>\$ 1,925</u>	<u>\$ 113,921</u>

State of Nebraska

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS INTERNAL SERVICE FUNDS

For the Year Ended June 30, 1997

(Dollars in Thousands)

	CORRECTIONAL SERVICES	BUILDINGS AND GROUNDS	GENERAL SERVICES	COMMUNICATIONS
OPERATING REVENUES:				
Charges for Services	\$ 5,306	\$ 11,600	\$ 12,404	\$ 14,912
Other	<u>5</u>	<u>32</u>	<u>5</u>	<u>-</u>
TOTAL OPERATING REVENUES	<u>5,311</u>	<u>11,632</u>	<u>12,409</u>	<u>14,912</u>
OPERATING EXPENSES:				
Personal Services	1,751	2,443	1,865	903
Services and Supplies	3,402	9,283	9,175	13,307
Insurance Claims	-	-	-	-
Depreciation	<u>121</u>	<u>129</u>	<u>668</u>	<u>774</u>
TOTAL OPERATING EXPENSES	<u>5,274</u>	<u>11,855</u>	<u>11,708</u>	<u>14,984</u>
 Operating Income (Loss)	 <u>37</u>	 <u>(223)</u>	 <u>701</u>	 <u>(72)</u>
NONOPERATING REVENUES (EXPENSES):				
Interest Income	238	131	242	177
Gain (Loss) on Sale of Fixed Assets	3	4	(22)	3
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL NONOPERATING REVENUES, NET	<u>241</u>	<u>135</u>	<u>220</u>	<u>180</u>
 Net Income (Loss)	 278	 (88)	 921	 108
RETAINED EARNINGS, JULY 1	<u>7,410</u>	<u>2,270</u>	<u>6,654</u>	<u>5,164</u>
RETAINED EARNINGS, JUNE 30	<u><u>\$ 7,688</u></u>	<u><u>\$ 2,182</u></u>	<u><u>\$ 7,575</u></u>	<u><u>\$ 5,272</u></u>

CENTRAL DATA PROCESSING	TRANSPORTATION SERVICES	RISK MANAGEMENT	ACCOUNTING SERVICES	OTHER INTERNAL SERVICE	TOTALS
\$ 40,843	\$ 4,150	\$ 73,170	\$ 1,633	\$ 4,911	\$ 168,929
16	55	-	13	80	206
<u>40,859</u>	<u>4,205</u>	<u>73,170</u>	<u>1,646</u>	<u>4,991</u>	<u>169,135</u>
8,165	473	150	826	3,538	20,114
30,536	1,640	2,256	849	1,794	72,242
-	-	75,431	-	-	75,431
5,780	1,880	5	21	203	9,581
<u>44,481</u>	<u>3,993</u>	<u>77,842</u>	<u>1,696</u>	<u>5,535</u>	<u>177,368</u>
<u>(3,622)</u>	<u>212</u>	<u>(4,672)</u>	<u>(50)</u>	<u>(544)</u>	<u>(8,233)</u>
289	160	1,944	57	45	3,283
107	371	-	-	3	469
988	52	-	-	(21)	1,019
<u>1,384</u>	<u>583</u>	<u>1,944</u>	<u>57</u>	<u>27</u>	<u>4,771</u>
(2,238)	795	(2,728)	7	(517)	(3,462)
7,656	8,556	25,805	413	1,678	65,606
<u>\$ 5,418</u>	<u>\$ 9,351</u>	<u>\$ 23,077</u>	<u>\$ 420</u>	<u>\$ 1,161</u>	<u>\$ 62,144</u>

State of Nebraska

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended June 30, 1997

(Dollars in Thousands)

	CORRECTIONAL SERVICES	BUILDINGS AND GROUNDS	GENERAL SERVICES	COMMUNICATIONS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 385	\$ 314	\$ 198	\$ 1,499
Cash Received from Interfund Charges	4,435	11,161	12,268	13,522
Cash Paid to Employees	(1,710)	(2,348)	(1,833)	(887)
Cash Paid to Suppliers	(2,925)	(8,900)	(8,147)	(12,247)
Cash Paid for Insurance Claims	-	-	-	-
Cash Paid for Interfund Services	(598)	(593)	(925)	(758)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(413)	(366)	1,561	1,129
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cigarette Tax Proceeds	-	-	-	-
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(620)	(46)	(1,285)	(700)
Proceeds from Sale of Fixed Assets	4	5	2	11
Principal Paid on Capital Leases	-	(75)	-	-
Interest Paid on Capital Leases	-	-	-	-
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(616)	(116)	(1,283)	(689)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income	241	130	237	172
NET CASH FLOWS FROM INVESTING ACTIVITIES	241	130	237	172
NET INCREASE (DECREASE) IN CASH	(788)	(352)	515	612
CASH AND CASH EQUIVALENTS, JULY 1	<u>4,601</u>	<u>2,326</u>	<u>4,424</u>	<u>3,434</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 3,813</u>	<u>\$ 1,974</u>	<u>\$ 4,939</u>	<u>\$ 4,046</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 37	\$ (223)	\$ 701	\$ (72)
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	121	129	668	774
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(38)	-	(12)	11
(Increase) Decrease in Due from Other Funds	(453)	(157)	69	175
(Increase) Decrease in Inventories	(96)	-	(45)	-
(Increase) Decrease in Prepaid Expenses	-	(111)	(86)	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	18	15	234	316
Increase (Decrease) in Due to Other Funds	(2)	(19)	32	2
Increase (Decrease) in Claims Payable	-	-	-	-
Increase (Decrease) in Deferred Revenue	-	-	-	(77)
Total Adjustments	(450)	(143)	860	1,201
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (413)</u>	<u>\$ (366)</u>	<u>\$ 1,561</u>	<u>\$ 1,129</u>

NONCASH TRANSACTIONS:

Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments. The following noncash transactions occurred during the year: Building and Grounds, Central Data Processing and Other Internal Service Funds acquired fixed assets through capital leases of \$740,000, \$4,624,000 and \$20,000, respectively, and Risk Management Fund received \$13,000 of contributed fixed assets.

CENTRAL DATA PROCESSING	TRANSPORTATION SERVICES	RISK MANAGEMENT	ACCOUNTING SERVICES	OTHER INTERNAL SERVICE	TOTALS
\$ 211	\$ 6	\$ 1,807	\$ -	\$ 1,148	\$ 5,568
40,094	4,234	71,356	1,646	3,721	162,437
(8,030)	(465)	(135)	(834)	(3,456)	(19,698)
(21,543)	(621)	(1,729)	(159)	(845)	(57,116)
-	-	(73,690)	-	-	(73,690)
(7,643)	(1,053)	(303)	(698)	(679)	(13,250)
<u>3,089</u>	<u>2,101</u>	<u>(2,694)</u>	<u>(45)</u>	<u>(111)</u>	<u>4,251</u>
 1,400	 -	 -	 -	 -	 1,400
 <u>1,400</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>1,400</u>
 (134)	 (2,679)	 (1)	 (36)	 (4)	 (5,505)
503	595	-	-	4	1,124
(4,679)	-	-	-	(121)	(4,875)
(412)	-	-	-	(21)	(433)
<u>(4,722)</u>	<u>(2,084)</u>	<u>(1)</u>	<u>(36)</u>	<u>(142)</u>	<u>(9,689)</u>
 279	 154	 1,953	 58	 46	 3,270
<u>279</u>	<u>154</u>	<u>1,953</u>	<u>58</u>	<u>46</u>	<u>3,270</u>
46	171	(742)	(23)	(207)	(768)
<u>6,574</u>	<u>2,898</u>	<u>32,985</u>	<u>700</u>	<u>1,089</u>	<u>59,031</u>
<u>\$ 6,620</u>	<u>\$ 3,069</u>	<u>\$ 32,243</u>	<u>\$ 677</u>	<u>\$ 882</u>	<u>\$ 58,263</u>
 \$ (3,622)	 \$ 212	 \$ (4,672)	 \$ (50)	 \$ (544)	 \$ (8,233)
 5,780	 1,880	 5	 21	 203	 9,581
3	(7)	(7)	-	163	113
(557)	42	-	-	(45)	(926)
-	-	-	-	-	(141)
-	-	-	-	9	(188)
1,367	(7)	231	(8)	100	2,266
118	(19)	8	(8)	3	115
-	-	1,741	-	-	1,741
-	-	-	-	-	(77)
<u>6,711</u>	<u>1,889</u>	<u>1,978</u>	<u>5</u>	<u>433</u>	<u>12,484</u>
<u>\$ 3,089</u>	<u>\$ 2,101</u>	<u>\$ (2,694)</u>	<u>\$ (45)</u>	<u>\$ (111)</u>	<u>\$ 4,251</u>

TRUST AND AGENCY FUNDS

Trust and agency funds are used to account for assets held by the State of Nebraska in a fiduciary capacity. The State has the following trust and agency funds:

EXPENDABLE TRUST FUNDS

Unemployment Compensation Fund. This fund accounts for the State's unemployment compensation benefits. Revenues consist of taxes assessed on employers to pay benefits to qualified unemployed persons.

Second Injury Fund. This fund accounts for assessments from insurance carriers and self-insurers. Compensation payments are made to employees on the basis of combined disabilities, part of which were pre-existing at the time of employment.

Vocational Rehabilitation Fund. This fund provides rehabilitation services to employees to restore the employee to gainful employment. Funding comes from assessments to insurance companies and self-insurers.

Canteen and Welfare Fund. This fund provides general entertainment at correctional facilities for youth and adult offenders. Revenues are from vending sales, projects, donations and gifts.

Escheat Trust Fund. This fund makes payments to rightful owners for financial assets turned over to the State Treasurer because the assets were left unclaimed at corporations, business associations, banking and financial organizations, insurance companies, utilities and public authorities. If the rightful owners cannot be located, excess funds are transferred to the Permanent School Fund.

Other Expendable Trust Funds. Amos Trust, Agriculture and University Land Lease, Public Service Commission Trust Account, and Miscellaneous Expendable Trust.

NONEXPENDABLE TRUST FUNDS

Aeronautics Trust Fund. This fund receives proceeds from the sale of state-owned airfields. Investment income is used to pay for expenses of the Department of Aeronautics.

Nebraska Veterans' Aid Fund. This fund accounts for the investment activity of a General Fund contribution made in a prior year. Earnings on the investment are used to provide emergency financial assistance to eligible veterans and dependents.

Permanent School Fund. This fund receives proceeds from any sale of the school lands held in trust for public education, payments for easements and rights-of-way over these lands, royalties and severance taxes paid on oil, gas and minerals produced from this lands, escheats, unclaimed property and other items provided by law. The net income earned on this fund is distributed annually to the K – 12 public schools by the Commissioner of Education as provided by law.

Permanent Endowment Fund. This fund receives the proceeds of sales of land and investments endowed to the University by the Federal Government. This fund is under the control of the Board of Educational Lands and Funds, which is a part of the primary government. Income on these funds is used for support and maintenance of the University.

Agriculture Endowment Fund. This fund receives the proceeds of sales of land and investments endowed to the University Agriculture College by the Federal Government. This fund is under the control of the Board of Educational Lands and Funds, which is a part of the primary government. Income from this fund is used for support and maintenance of the Agriculture College.

Other Nonexpendable Trust Funds. Normal School Endowment, J.J. Soukup, and Miscellaneous Nonexpendable Trust.

PENSION TRUST FUNDS

State Employees' Retirement, County Employees' Retirement, Judges' Retirement, State Patrol Retirement, and School Retirement Systems.

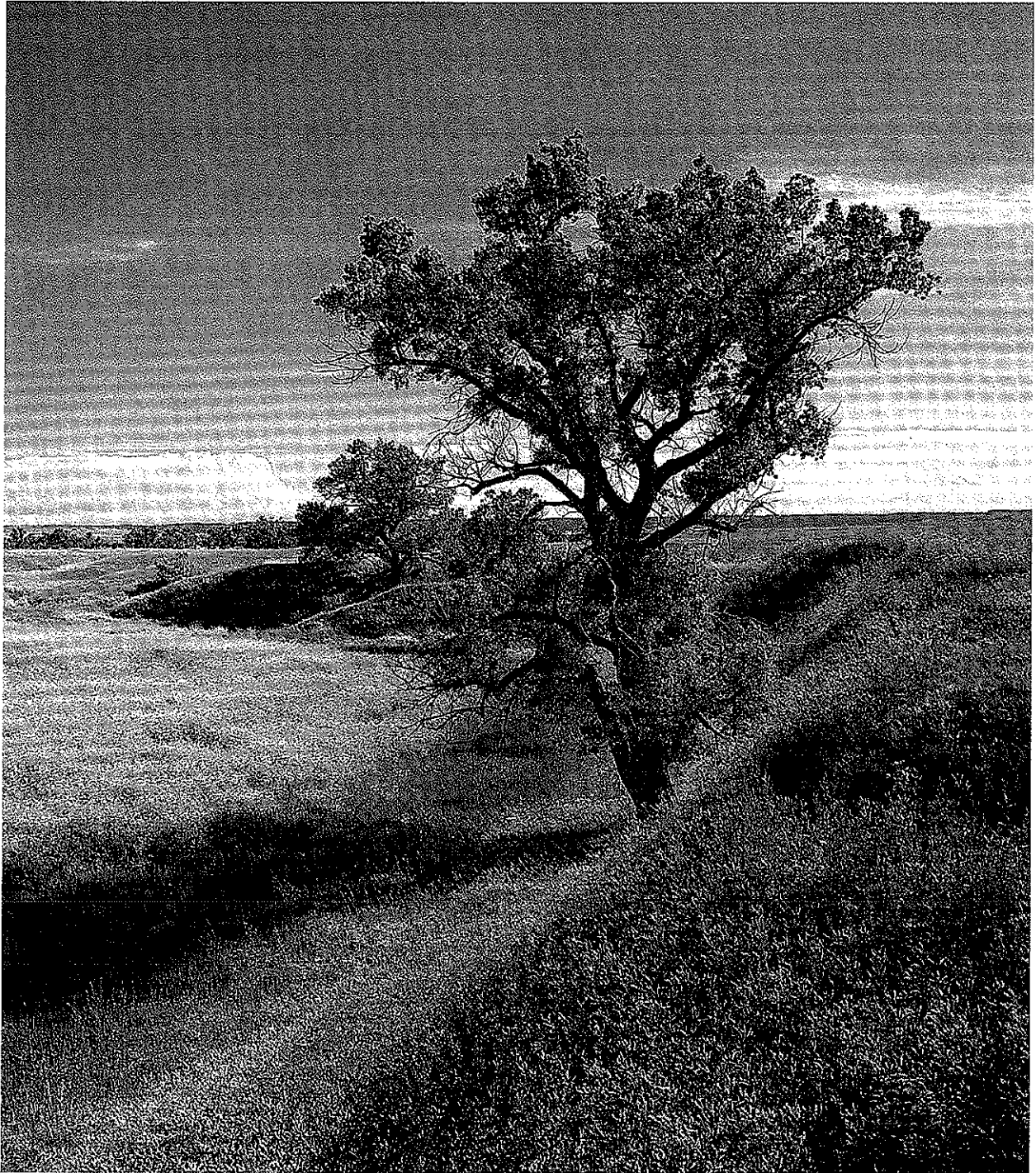
AGENCY FUNDS

Local Government Fund. This fund receives money for redistribution to counties and other political subdivisions.

Payroll Withholding Fund. This fund receives all payroll funds needed to pay employees, the Federal Government, other State agencies, and payroll vendors.

Deferred Compensation Fund. This fund accounts for activities in the State's deferred compensation plan organized in accordance with Section 457 of the Internal Revenue Code.

Other Agency Funds. Ohio College Library Service, Severance Tax Fund, Court Ordered Settlement, County Court Trust Funds, the Department of Correctional Services Inmate Trust Funds, and the Department of Public Institutions Trust Funds.



Sweet clover and cottonwood, Sioux County.

State of Nebraska

COMBINING BALANCE SHEET ALL TRUST AND AGENCY FUNDS

June 30, 1997

(Dollars in Thousands)	EXPENDABLE TRUST	NONEXPENDABLE TRUST	PENSION TRUST	AGENCY	TOTALS
ASSETS:					
Cash and Cash Equivalents	\$ 217,259	\$ 14,993	\$ 39,296	\$ 48,236	\$ 319,784
Investments	-	244,138	3,833,722	85,848	4,163,708
Invested Securities Lending Collateral	-	27,995	399,191	-	427,186
Loans, Accounts and Other Receivables, net	18,728	1,467	25,954	367	46,516
Due from Other Funds	508	-	14,307	-	14,815
Prepaid Expenses	-	-	6	-	6
Property, Plant, and Equipment, net	-	-	25	-	25
Other	2,499	3,000	-	-	5,499
TOTAL ASSETS	\$ 238,994	\$ 291,593	\$ 4,312,501	\$ 134,451	\$ 4,977,539
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts Payable and Accrued Liabilities	\$ 5,303	\$ 130	\$ 2,390	\$ -	\$ 7,823
Due to Other Governments	-	-	-	39,510	39,510
Employee Withholding and State Contributions	-	-	-	(5,809)	(5,809)
Deposits	810	201	-	-	1,011
Deferred Compensation Payable	-	-	-	85,866	85,866
Due to Other Funds	3	591	14	3,497	4,105
Obligations under Securities Lending	-	27,995	399,191	-	427,186
Claims Payable	5,222	-	-	-	5,222
Accrued Compensated Absences	-	-	123	-	123
Other	148	-	-	11,387	11,535
TOTAL LIABILITIES	11,486	28,917	401,718	134,451	576,572
FUND BALANCES:					
Reserved For:					
Unemployment Compensation Benefits	221,678	-	-	-	221,678
Endowment Principal	-	244,351	-	-	244,351
Pension Benefits	-	-	3,910,783	-	3,910,783
Unreserved	5,830	18,325	-	-	24,155
TOTAL FUND BALANCES	227,508	262,676	3,910,783	-	4,400,967
TOTAL LIABILITIES AND FUND BALANCES	\$ 238,994	\$ 291,593	\$ 4,312,501	\$ 134,451	\$ 4,977,539

State of Nebraska
COMBINING BALANCE SHEET
EXPENDABLE TRUST FUNDS

June 30, 1997

(Dollars in Thousands)

	UNEMPLOYMENT COMPENSATION	SECOND INJURY
ASSETS:		
Cash and Cash Equivalents	\$ 209,233	\$ 1,852
Other Receivables, net of allowance	18,626	22
Due from Other Funds	-	-
Other	-	-
TOTAL ASSETS	<u>\$ 227,859</u>	<u>\$ 1,874</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 836	\$ -
Deposits	20	-
Due to Other Funds	-	-
Claims Payable	5,222	-
Other	103	-
TOTAL LIABILITIES	<u>6,181</u>	<u>-</u>
FUND BALANCES:		
Reserved for Unemployment Compensation Benefits	221,678	-
Unreserved	-	1,874
TOTAL FUND BALANCES	<u>221,678</u>	<u>1,874</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 227,859</u>	<u>\$ 1,874</u>

VOCATIONAL REHABILITATION	CANTEEN AND WELFARE	ESCHEAT TRUST	OTHER	TOTALS
\$ 1,389	\$ 1,781	\$ 1,965	\$ 1,039	\$ 217,259
16	19	30	15	18,728
-	-	508	-	508
-	-	1,709	790	2,499
<u>\$ 1,405</u>	<u>\$ 1,800</u>	<u>\$ 4,212</u>	<u>\$ 1,844</u>	<u>\$ 238,994</u>
\$ -	\$ 237	\$ 4,210	\$ 20	\$ 5,303
-	-	-	790	810
-	1	2	-	3
-	-	-	-	5,222
-	45	-	-	148
-	283	4,212	810	11,486
-	-	-	-	221,678
<u>1,405</u>	<u>1,517</u>	<u>-</u>	<u>1,034</u>	<u>5,830</u>
<u>1,405</u>	<u>1,517</u>	<u>-</u>	<u>1,034</u>	<u>227,508</u>
<u>\$ 1,405</u>	<u>\$ 1,800</u>	<u>\$ 4,212</u>	<u>\$ 1,844</u>	<u>\$ 238,994</u>

State of Nebraska

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES EXPENDABLE TRUST FUNDS

For the Year Ended June 30, 1997

(Dollars in Thousands)

	UNEMPLOYMENT COMPENSATION	SECOND INJURY
REVENUES:		
Unemployment Taxes	\$ 54,251	\$ -
Charges for Services	-	-
Investment Income	13,621	120
Rents and Royalties	-	-
Escheat Revenue	-	-
Donations	-	-
Other	-	-
TOTAL REVENUES	67,872	120
EXPENDITURES:		
General Government	-	-
Education	-	-
Health and Social Services	-	460
Unemployment Claims	51,110	-
TOTAL EXPENDITURES	51,110	460
Excess of Revenues Over (Under) Expenditures	16,762	(340)
OTHER FINANCING SOURCES (USES):		
Operating Transfers Out	-	(31)
TOTAL OTHER FINANCING SOURCES (USES)	-	(31)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	16,762	(371)
FUND BALANCES, JULY 1	204,916	2,245
FUND BALANCES, JUNE 30	\$ 221,678	\$ 1,874

VOCATIONAL REHABILITATION	CANTEEN AND WELFARE	ESCHEAT TRUST	OTHER	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ 54,251
-	3,525	-	6	3,531
104	99	129	54	14,127
-	9	-	366	375
-	-	129	-	129
-	254	-	275	529
2	31	-	490	523
<u>106</u>	<u>3,918</u>	<u>258</u>	<u>1,191</u>	<u>73,465</u>
-	-	390	213	603
-	-	-	772	772
695	3,722	-	-	4,877
-	-	-	-	51,110
<u>695</u>	<u>3,722</u>	<u>390</u>	<u>985</u>	<u>57,362</u>
<u>(589)</u>	<u>196</u>	<u>(132)</u>	<u>206</u>	<u>16,103</u>
<u>(223)</u>	<u>-</u>	<u>(311)</u>	<u>(20)</u>	<u>(585)</u>
<u>(223)</u>	<u>-</u>	<u>(311)</u>	<u>(20)</u>	<u>(585)</u>
(812)	196	(443)	186	15,518
<u>2,217</u>	<u>1,321</u>	<u>443</u>	<u>848</u>	<u>211,990</u>
<u>\$ 1,405</u>	<u>\$ 1,517</u>	<u>\$ -</u>	<u>\$ 1,034</u>	<u>\$ 227,508</u>

State of Nebraska

COMBINING BALANCE SHEET NONEXPENDABLE TRUST FUNDS

June 30, 1997

(Dollars in Thousands)

	AERONAUTICS TRUST	NEBRASKA VETERANS AID
ASSETS:		
Cash and Cash Equivalents	\$ 42	\$ 2,241
Investments	6,489	23,901
Invested Securities Lending Collateral	749	2,740
Other Receivables, net of allowance	79	135
Other	-	-
TOTAL ASSETS	<u>\$ 7,359</u>	<u>\$ 29,017</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ -	\$ -
Deposits	-	-
Due to Other Funds	79	-
Obligations under Securities Lending	<u>749</u>	<u>2,740</u>
TOTAL LIABILITIES	<u>828</u>	<u>2,740</u>
FUND BALANCES:		
Reserved for Endowment Principal	6,531	23,901
Unreserved	<u>-</u>	<u>2,376</u>
TOTAL FUND BALANCES	<u>6,531</u>	<u>26,277</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,359</u>	<u>\$ 29,017</u>

PERMANENT SCHOOL FUND	PERMANENT ENDOWMENT	AGRICULTURE ENDOWMENT	OTHER	TOTALS
\$ 12,371	\$ 48	\$ 53	\$ 238	\$ 14,993
211,325	656	1,441	326	244,138
24,229	75	165	37	27,995
1,238	3	7	5	1,467
3,000	-	-	-	3,000
<u>\$ 252,163</u>	<u>\$ 782</u>	<u>\$ 1,666</u>	<u>\$ 606</u>	<u>\$ 291,593</u>
\$ 97	\$ 9	\$ 20	\$ 4	\$ 130
51	-	-	150	201
512	-	-	-	591
24,229	75	165	37	27,995
<u>24,889</u>	<u>84</u>	<u>185</u>	<u>191</u>	<u>28,917</u>
211,325	698	1,481	415	244,351
15,949	-	-	-	18,325
<u>227,274</u>	<u>698</u>	<u>1,481</u>	<u>415</u>	<u>262,676</u>
<u>\$ 252,163</u>	<u>\$ 782</u>	<u>\$ 1,666</u>	<u>\$ 606</u>	<u>\$ 291,593</u>

State of Nebraska

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES NONEXPENDABLE TRUST FUNDS

For the Year Ended June 30, 1997

(Dollars in Thousands)

	AERONAUTICS TRUST	NEBRASKA VETERANS AID
OPERATING REVENUES:		
Interest Income	\$ 560	\$ 1,000
Dividend Income	-	204
Gain (Loss) on Sale of Investments, net	52	3,278
Rents and Royalties	-	-
Other	-	4
TOTAL OPERATING REVENUES	612	4,486
OPERATING EXPENSES:		
Personal Services	-	-
Services and Supplies	47	150
Financial Assistance	-	1,084
Intergovernmental	-	-
TOTAL OPERATING EXPENSES	47	1,234
Operating Income	565	3,252
OPERATING TRANSFERS:		
Operating Transfers In	-	-
Operating Transfers Out	(476)	-
Net Income	89	3,252
FUND BALANCES, JULY 1, AS RESTATED	6,442	23,025
FUND BALANCES, JUNE 30	\$ 6,531	\$ 26,277

PERMANENT SCHOOL FUND	PERMANENT ENDOWMENT	AGRICULTURE ENDOWMENT	OTHER	TOTALS
\$ 8,785	\$ 26	\$ 54	\$ 29	\$ 10,454
1,704	6	13	7	1,934
27,665	90	198	27	31,310
23,546	-	-	-	23,546
1,956	-	-	-	1,960
<u>63,656</u>	<u>122</u>	<u>265</u>	<u>63</u>	<u>69,204</u>
1,236	-	-	-	1,236
2,544	17	37	19	2,814
-	-	-	-	1,084
25,461	-	-	-	25,461
<u>29,241</u>	<u>17</u>	<u>37</u>	<u>19</u>	<u>30,595</u>
34,415	105	228	44	38,609
331	-	-	-	331
-	-	-	-	(476)
34,746	105	228	44	38,464
192,528	593	1,253	371	224,212
<u>\$ 227,274</u>	<u>\$ 698</u>	<u>\$ 1,481</u>	<u>\$ 415</u>	<u>\$ 262,676</u>

State of Nebraska

COMBINING STATEMENT OF CASH FLOWS NONEXPENDABLE TRUST FUNDS

For the Year Ended June 30, 1997

(Dollars in Thousands)

	AERONAUTICS TRUST	NEBRASKA VETERANS AID
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ -	\$ 4
Cash Paid to Employees	-	-
Cash Paid to Suppliers	(47)	(150)
Cash Paid for Financial Assistance	-	(1,084)
Cash Paid for Intergovernmental	-	-
Cash Paid for Interfund Services	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	(47)	(1,230)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers In	-	-
Operating Transfers Out	(515)	-
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	(515)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investment Securities	(753)	(40,836)
Proceeds from Sale of Investment Securities	758	40,843
Interest and Dividend Income	555	1,214
NET CASH FLOWS FROM INVESTING ACTIVITIES	560	1,221
NET INCREASE (DECREASE) IN CASH	(2)	(9)
CASH AND CASH EQUIVALENTS, JULY 1	44	2,250
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 42</u>	<u>\$ 2,241</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating Income	\$ 565	\$ 3,252
Adjustments to reconcile operating income to net cash flows from operating activities:		
Interest Income	(560)	(1,000)
Dividend Income	-	(204)
Gain on Sale of Investments	(52)	(3,278)
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	-	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	-	-
Increase (Decrease) in Deposits	-	-
Increase (Decrease) in Due to Other Funds	-	-
Total Adjustments	(612)	(4,482)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (47)</u>	<u>\$ (1,230)</u>

PERMANENT SCHOOL FUND	PERMANENT ENDOWMENT	AGRICULTURE ENDOWMENT	OTHER	TOTALS
\$ 25,602	\$ -	\$ -	\$ -	\$ 25,606
(1,236)	-	-	-	(1,236)
(2,444)	(17)	(38)	(19)	(2,715)
-	-	-	-	(1,084)
(25,461)	-	-	-	(25,461)
(106)	-	-	-	(106)
<u>(3,645)</u>	<u>(17)</u>	<u>(38)</u>	<u>(19)</u>	<u>(4,996)</u>
839	-	-	-	839
-	-	-	-	(515)
<u>839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>324</u>
(370,108)	(1,120)	(2,462)	(308)	(415,587)
361,477	1,120	2,463	308	406,969
<u>10,585</u>	<u>32</u>	<u>67</u>	<u>36</u>	<u>12,489</u>
<u>1,954</u>	<u>32</u>	<u>68</u>	<u>36</u>	<u>3,871</u>
(852)	15	30	17	(801)
<u>13,223</u>	<u>33</u>	<u>23</u>	<u>221</u>	<u>15,794</u>
<u>\$ 12,371</u>	<u>\$ 48</u>	<u>\$ 53</u>	<u>\$ 238</u>	<u>\$ 14,993</u>
\$ 34,415	\$ 105	\$ 228	\$ 44	\$ 38,609
(8,785)	(26)	(54)	(29)	(10,454)
(1,704)	(6)	(13)	(7)	(1,934)
(27,665)	(90)	(198)	(27)	(31,310)
100	-	-	-	100
(26)	-	(1)	-	(27)
21	-	-	-	21
(1)	-	-	-	(1)
<u>(38,060)</u>	<u>(122)</u>	<u>(266)</u>	<u>(63)</u>	<u>(43,605)</u>
<u>\$ (3,645)</u>	<u>\$ (17)</u>	<u>\$ (38)</u>	<u>\$ (19)</u>	<u>\$ (4,996)</u>

State of Nebraska

COMBINING STATEMENT OF PLAN NET ASSETS PENSION TRUST FUNDS

June 30, 1997

(Dollars in Thousands)

	STATE EMPLOYEES RETIREMENT	COUNTY EMPLOYEES RETIREMENT	SCHOOL RETIREMENT	JUDGES RETIREMENT	STATE PATROL RETIREMENT	TOTALS
ASSETS:						
Cash and Cash Equivalents	\$ 10,610	\$ 8,313	\$ 20,277	\$ 75	\$ 21	\$ 39,296
Investments	550,003	117,559	2,947,574	67,686	150,900	3,833,722
Invested Securities Lending Collateral	-	-	374,081	7,850	17,260	399,191
Receivables:						
Contributions	2,495	645	8,182	46	-	11,368
Interest and Dividends	486	160	12,943	298	653	14,540
Other	-	-	46	-	-	46
Total Receivables	2,981	805	21,171	344	653	25,954
Due from Other Funds	-	-	13,585	120	602	14,307
Prepaid Items	-	-	-	-	6	6
Property, Plant, and Equipment, net	-	-	23	1	1	25
TOTAL ASSETS	563,594	126,677	3,376,711	76,076	169,443	4,312,501
LIABILITIES:						
Accounts Payable and Accrued Liabilities	218	109	2,063	-	-	2,390
Due to Other Funds	-	-	14	-	-	14
Obligations under Securities Lending	-	-	374,081	7,850	17,260	399,191
Accrued Compensated Absences	6	4	105	4	4	123
TOTAL LIABILITIES	224	113	376,263	7,854	17,264	401,718
FUND BALANCES RESERVED FOR PENSION BENEFITS	<u>\$ 563,370</u>	<u>\$ 126,564</u>	<u>\$ 3,000,448</u>	<u>\$ 68,222</u>	<u>\$ 152,179</u>	<u>\$ 3,910,783</u>

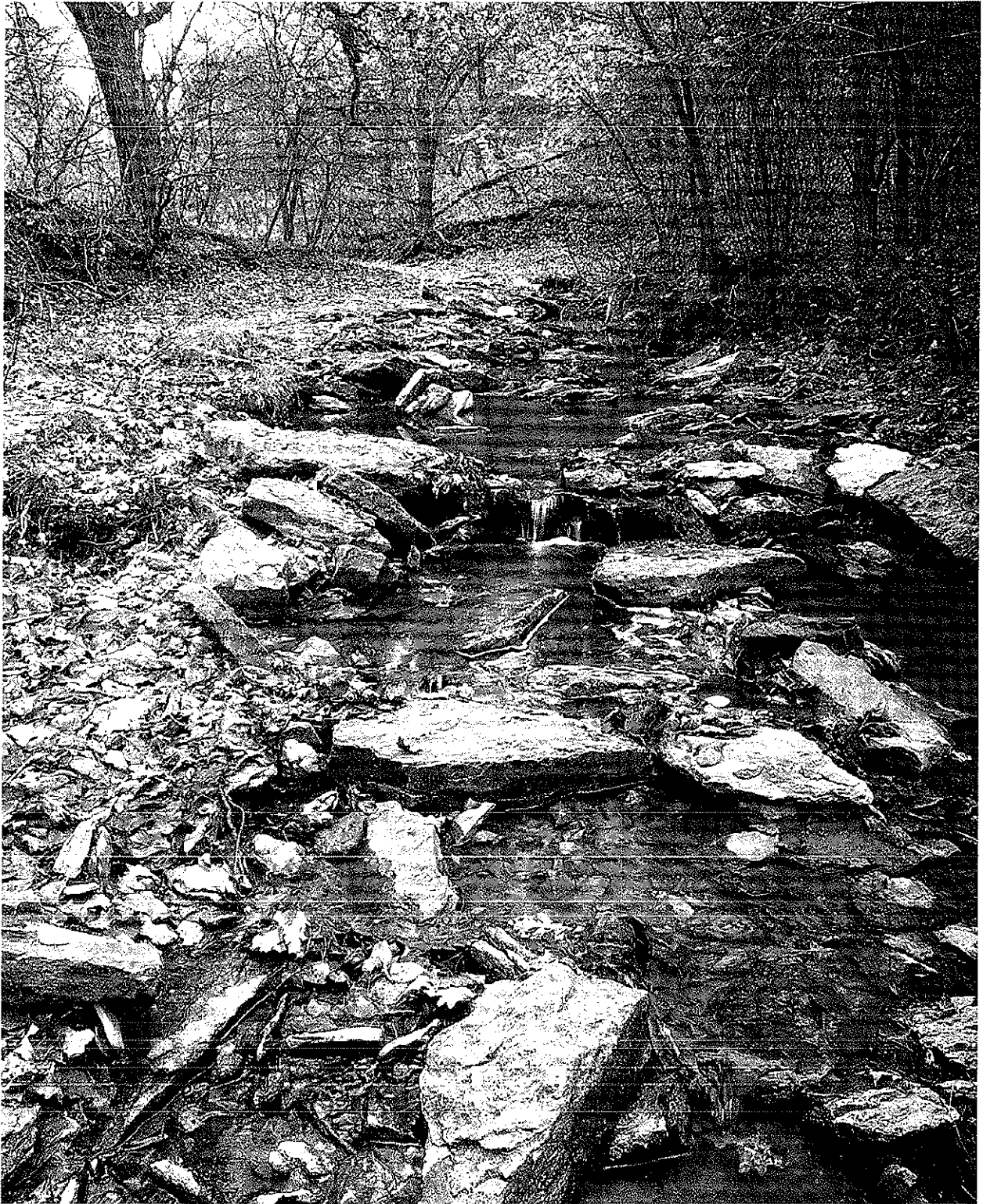
State of Nebraska

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

For the Year Ended June 30, 1997

(Dollars in Thousands)	BALANCE JULY 1, 1996	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 1997
LOCAL GOVERNMENT FUND				
ASSETS				
Cash and Cash Equivalents	\$ 37,752	\$ 208,792	\$ 207,389	\$ 39,155
Other Receivables, net of allowance	285	2,024	2,009	300
TOTAL ASSETS	<u>\$ 38,037</u>	<u>\$ 210,816</u>	<u>\$ 209,398</u>	<u>\$ 39,455</u>
LIABILITIES				
Due to Other Governments	<u>\$ 38,037</u>	<u>\$ 210,816</u>	<u>\$ 209,398</u>	<u>\$ 39,455</u>
PAYROLL WITHHOLDING FUND				
ASSETS				
Cash and Cash Equivalents	<u>\$ 4,493</u>	<u>\$ 1,475,043</u>	<u>\$ 1,481,793</u>	<u>\$ (2,257)</u>
LIABILITIES				
Due to Other Governments	\$ 80	\$ 259,076	\$ 259,101	\$ 55
Employee Withholding and State Contributions	1,114	1,175,687	1,182,610	(5,809)
Due to Other Funds	3,299	40,280	40,082	3,497
TOTAL LIABILITIES	<u>\$ 4,493</u>	<u>\$ 1,475,043</u>	<u>\$ 1,481,793</u>	<u>\$ (2,257)</u>
DEFERRED COMPENSATION				
ASSETS				
Cash and Cash Equivalents	\$ 17	\$ 5,966	\$ 5,965	\$ 18
Investments	69,505	20,556	4,213	85,848
TOTAL ASSETS	<u>\$ 69,522</u>	<u>\$ 26,522</u>	<u>\$ 10,178</u>	<u>\$ 85,866</u>
LIABILITIES				
Deferred Compensation Payable	<u>\$ 69,522</u>	<u>\$ 26,522</u>	<u>\$ 10,178</u>	<u>\$ 85,866</u>
OTHER FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 12,929	\$ 67,660	\$ 69,269	\$ 11,320
Other Receivables, net of allowance	55	332	320	67
TOTAL ASSETS	<u>\$ 12,984</u>	<u>\$ 67,992</u>	<u>\$ 69,589</u>	<u>\$ 11,387</u>
LIABILITIES				
Other	<u>\$ 12,984</u>	<u>\$ 67,992</u>	<u>\$ 69,589</u>	<u>\$ 11,387</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 55,191	\$ 1,757,461	\$ 1,764,416	\$ 48,236
Investments	69,505	20,556	4,213	85,848
Other Receivables, net of allowance	340	2,356	2,329	367
TOTAL ASSETS	<u>\$ 125,036</u>	<u>\$ 1,780,373</u>	<u>\$ 1,770,958</u>	<u>\$ 134,451</u>
LIABILITIES				
Due to Other Governments	\$ 38,117	\$ 469,892	\$ 468,499	\$ 39,510
Employee Withholding and State Contributions	1,114	1,175,687	1,182,610	(5,809)
Deferred Compensation Payable	69,522	26,522	10,178	85,866
Due to Other Funds	3,299	40,280	40,082	3,497
Other	12,984	67,992	69,589	11,387
TOTAL LIABILITIES	<u>\$ 125,036</u>	<u>\$ 1,780,373</u>	<u>\$ 1,770,958</u>	<u>\$ 134,451</u>



Stone Creek, Platte River State Park, Cass County.

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is maintained to account for fixed assets acquired or constructed for used by the State, other than those accounted for in proprietary funds, fiduciary funds, and College and University funds.

State of Nebraska

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

June 30, 1997

(Dollars in Thousands)

FUNCTION	LAND	BUILDINGS	EQUIPMENT	TOTALS
General Government	\$ 2,395	\$ 60,221	\$ 6,049	\$ 68,665
Conservation of Natural Resources	30,025	22,608	23,320	75,953
Culture – Recreation	1,510	5,644	477	7,631
Economic Development and Assistance	146	15,873	1,896	17,915
Education	-	10,220	36,685	46,905
Health and Social Services	77	44,375	21,475	65,927
Public Safety	968	84,388	25,556	110,912
Regulation of Business and Professions	-	86	4,593	4,679
Transportation	733	25,907	101,271	127,911
TOTAL BY FUNCTION	<u>\$ 35,854</u>	<u>\$ 269,322</u>	<u>\$ 221,322</u>	526,498
Construction in progress				12,277
TOTAL GENERAL FIXED ASSETS				<u>\$ 538,775</u>

State of Nebraska

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION

For the Year Ended June 30, 1997

(Dollars in Thousands)

FUNCTION	BALANCE JULY 1, 1996	ADDITIONS	DELETIONS	BALANCE JUNE 30, 1997
General Government	\$ 67,837	\$ 1,428	\$ 600	\$ 68,665
Conservation of Natural Resources	73,297	5,059	2,403	75,953
Culture – Recreation	7,604	57	30	7,631
Economic Development and Assistance	17,802	267	154	17,915
Education	44,700	2,544	339	46,905
Health and Social Services	58,720	7,887	680	65,927
Public Safety	109,946	7,900	6,934	110,912
Regulation of Business and Professions	4,177	884	382	4,679
Transportation	125,182	6,929	4,200	127,911
TOTAL BY FUNCTION	509,265	32,955	15,722	526,498
Construction in progress	4,765	10,855	3,343	12,277
TOTAL GENERAL FIXED ASSETS	<u>\$514,030</u>	<u>\$43,810</u>	<u>\$19,065</u>	<u>\$ 538,775</u>

State of Nebraska

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

June 30, 1997

(Dollars in Thousands)

GENERAL FIXED ASSETS:

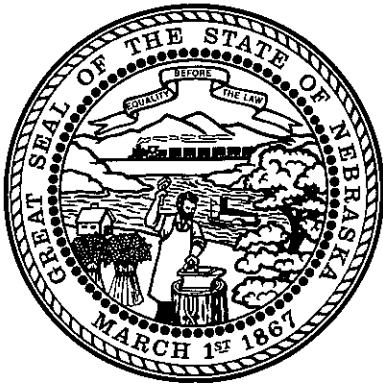
Land	\$ 35,854
Buildings	269,322
Equipment	221,322
Construction In Progress	<u>12,277</u>
TOTAL GENERAL FIXED ASSETS	<u>\$ 538,775</u>

INVESTMENT IN GENERAL FIXED ASSETS:

General Fund	\$ 170,034
Special Revenue Funds	189,579
Capital Projects Funds	65,886
Trust and Agency Funds	1,367
Donations	7,047
Original Inventory – Source Uncertain	<u>104,862</u>
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$ 538,775</u>



Wheat harvest on the Jim Welsh farm, Keith County.



STATISTICAL SECTION

The Statistical Section presents comparative data for the past ten years, and other pertinent information involving taxes, revenues, expenditures, demographic data and other miscellaneous statistics.

The statistical data is presented to give report users a better historical perspective and assist in assessing current financial status and trends of the governmental unit. Economic data is presented to allow a broader understanding of the economic and social environment in which State government operates.

State of Nebraska

TEN YEAR SCHEDULE OF REVENUES AND EXPENDITURES – ALL GOVERNMENTAL FUND TYPES

1988 – 1997

(Dollars in Thousands)

	1988	1989	1990	1991
REVENUES:				
Taxes:				
Income	\$ 505,819	\$ 554,724	\$ 564,782	\$ 688,359
Sales and Use	453,488	488,813	500,234	616,577
Petroleum	168,389	175,251	212,136	218,767
Excise	60,079	64,061	71,448	72,622
Business and Franchise	32,350	36,648	28,406	28,344
Other	7,368	7,335	7,697	8,743
Total Taxes	<u>1,227,493</u>	<u>1,326,832</u>	<u>1,384,703</u>	<u>1,633,412</u>
Federal Grants and Contracts	557,804	607,896	674,529	716,595
Licenses, Fees and Permits	90,324	89,550	94,195	97,177
Charges for Services	37,067	42,485	42,843	42,895
Investment Income	27,888	46,094	56,192	47,007
Rents and Royalties	3,903	4,052	4,107	4,708
Other	7,524	16,357	15,146	14,748
TOTAL REVENUES	<u>\$ 1,952,003</u>	<u>\$ 2,133,266</u>	<u>\$ 2,271,715</u>	<u>\$ 2,556,542</u>
EXPENDITURES:				
Current:				
General Government	\$ 56,599	\$ 58,848	\$ 60,363	\$ 64,280
Conservation of Natural Resources	47,923	47,504	58,545	57,774
Culture – Recreation	3,909	4,120	4,606	12,974
Economic Development and Assistance	54,694	53,347	52,603	55,921
Education	302,252	323,947	377,268	572,174
Health and Social Services	563,927	609,432	679,019	780,718
Public Safety	84,786	85,573	96,316	109,616
Regulation of Business and Professions	18,549	18,361	21,089	31,651
Transportation	396,182	398,752	431,968	454,116
Intergovernmental	74,561	98,919	214,836	99,874
Capital Projects	4,439	4,060	6,263	7,698
Debt Service	1,141	1,083	1,029	-
TOTAL EXPENDITURES	<u>\$ 1,608,962</u>	<u>\$ 1,703,946</u>	<u>\$ 2,003,905</u>	<u>\$ 2,246,796</u>

SOURCE: Department of Administrative Services, Accounting Division.
Nebraska Comprehensive Annual Financial Report

1992	1993	1994	1995	1996	1997
\$ 758,832	\$ 780,823	\$ 835,934	\$ 867,037	\$ 947,508	\$ 1,075,095
664,202	653,455	746,429	774,012	824,590	857,684
221,485	227,228	247,134	255,278	240,605	266,852
73,105	77,693	92,912	93,822	99,007	93,715
35,799	35,591	44,140	42,786	32,435	33,195
5,325	19,782	17,980	13,616	16,097	22,679
<u>1,758,748</u>	<u>1,794,572</u>	<u>1,984,529</u>	<u>2,046,551</u>	<u>2,160,242</u>	<u>2,349,220</u>
828,356	859,581	978,526	1,112,819	1,191,748	1,130,846
100,340	106,958	123,279	131,832	138,288	145,598
44,440	47,965	62,069	69,008	75,372	73,571
36,396	24,320	24,100	34,091	41,187	56,258
6,870	6,265	7,212	7,787	7,934	9,015
18,597	27,331	35,737	39,478	37,553	44,453
<u>\$ 2,793,747</u>	<u>\$ 2,866,992</u>	<u>\$ 3,215,452</u>	<u>\$ 3,441,566</u>	<u>\$ 3,652,324</u>	<u>\$ 3,808,961</u>
\$ 69,351	\$ 70,275	\$ 72,535	\$ 77,080	\$ 74,523	\$ 94,022
51,027	55,860	58,582	62,144	66,495	67,638
13,755	14,501	14,912	17,309	17,714	20,094
54,401	55,684	54,401	59,904	64,202	68,133
628,539	653,332	684,364	740,086	765,638	798,440
891,526	967,959	1,101,264	1,241,041	1,331,763	1,341,460
120,773	109,404	155,750	166,367	152,065	152,321
38,100	40,647	44,290	46,508	49,458	44,464
477,160	511,154	543,010	569,731	622,521	622,525
157,538	124,316	93,941	90,287	87,286	91,544
4,639	10,552	3,886	3,234	4,288	11,899
1,201	1,221	2,413	2,579	2,814	3,298
<u>\$ 2,508,010</u>	<u>\$ 2,614,905</u>	<u>\$ 2,829,348</u>	<u>\$ 3,076,270</u>	<u>\$ 3,238,767</u>	<u>\$ 3,315,838</u>

SCHEDULE OF BUDGETARY FUND CONVERSION TABLE

For the Year Ended June 30, 1997

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS
General	General	State Treasurer	Funds 1000, 1100
Special Revenue	Licensing and Regulation	Secretary of State	Funds 2091, 2092
		Department of Agriculture	Funds 2075, 2076, 2079, 2080, 2081, 2082, 2085, 2087, 2088, 2089, 2178, 2181, 2182, 2187, 2188
		Department of Education	Funds 2131, 2139, 2148
		Public Service Commission	Funds 2140, 2141, 2142, 2143
		Department of Revenue	Funds 2159, 2162, 2164, 2166, 2167, 2169, 2170, 2176, 2431
		Department of Banking and Finance	Funds 2191, 2192
		Health and Human Services System	Funds 2263, 2800
		Fire Marshall	Fund 2211
		Department of Insurance	Funds 2221, 6223
		Department of Labor	Funds 2230, 2231, 2234, 2235, 2236, 2237
		Electrical Board	Fund 2121
		Racing Commission	Funds 2361, 2362, 2363, 2364
		Brand Committee	Fund 2391
		Motor Vehicle Industry Licensing Board	Fund 2401
		Real Estate Commission	Fund 2411
		Board of Barber Examiners	Fund 2451
		Real Estate Appraiser Board	Fund 2531
		Oil & Gas Conservation Commission	Fund 2571
		Board of Examiners for Professional Engineers and Architects	Fund 2581
		Board of Examiners for Land Surveyors	Fund 2621
		Board of Public Accountancy	Fund 2631
		Abstracters Board of Examiners	Fund 2661
		Board of Examiners for Landscape Architects	Fund 2731
		Power Review Board	Fund 2741
		Department of Environmental Quality	Funds 2835, 2838, 2841, 2842, 2843, 2844, 2845, 2847, 2849
	Highway	State Treasurer	Funds 6124, 6245, 6246
		Department of Revenue	Fund 7162
		Department of Motor Vehicles	Funds 2243, 2244, 7241
		Department of Roads	Funds 2270, 2271, 2671, 2672, 6271, 7757
	Economic Development	Department of Agriculture	Funds 2083, 2084, 2180, 2184
		Wheat Development, Utilization, and Marketing Board	Fund 2950
		Oil & Gas Conservation Commission	Fund 6571
		Gasohol Committee	Funds 2160, 2601, 2602
		Department of Economic Development	Funds 2074, 2183, 2186, 2331, 2721, 2723, 2727
		Dry Bean Development	Fund 2860
		Corn Development, Utilization, and Marketing Board	Fund 2189
		Branch Railway	Funds 2901, 5901
		Soybean Development, Utilization, and Marketing Board	Fund 2086
		Grain Sorghum Development, Utilization, and Marketing Board	Fund 2190

SCHEDULE OF BUDGETARY FUND CONVERSION TABLE (Continued)

For the Year Ended June 30, 1997

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS
Special Revenue (Cont'd.)	Airport Development	State Treasurer	Fund 7759
		Department of Aeronautics	Fund 2171
	Game and Parks	Game and Parks Commission	Funds 2328, 2329, 2332, 2333, 2334, 2335, 2337, 2338, 2339, 2341
		Economic Development	Fund 2725
	Energy Conservation	Governor's Office	Funds 2812, 2813, 6811
Federal		Department of Administrative Services	Fund 2654
		Governor's Office	Funds 4443, 4811
		Supreme Court	Fund 4050
		Attorney General	Fund 4111
		Department of Education	Funds 4134, 4144, 4148
		Department of Revenue	Fund 4161
		Department of Agriculture	Funds 4182, 4183, 4184, 4185, 4186, 4190, 4191, 4192, 4193, 4195, 4197
		Health and Human Services System	Funds 4202, 4205, 4207, 4260, 4261 4264, 4268, 4271, 4711, 4810, 4812
		Fire Marshal	Fund 4121
		Department of Labor	Funds 4231, 4232, 4235, 4236
		Department of Motor Vehicles	Funds 4242, 4792
		Department of Roads	Funds 4272, 4273
		Military Department	Funds 4311, 4312, 4313, 4316, 4326
		Game and Parks Commission	Fund 4332, 4333
		Workers' Compensation Court	Fund 4371
		Commission on the Status of Women	Fund 4381
		Department of Correctional Services	Fund 4252
		Postsecondary Education	Fund 4481
		Historical Society	Funds 4541, 4542
		Natural Resources Commission	Fund 4552
		Oil & Gas Conservation Commission	Fund 4571
		Gasohol Commission	Fund 4601
		State Patrol	Fund 4641
		Department of Administrative Services	Funds 4000, 4651
		Equal Opportunity Commission	Funds 4671, 4673, 4674
		Arts Council	Fund 4691
		Department of Economic Development	Funds 4081, 4721, 4722, 4723, 4724, 4728, 4730
		Commission on Law Enforcement and Criminal Justice	Fund 4781
		Department of Environmental Quality	Funds 4840, 4841, 4842, 4843, 4844, 4845
		Commission on Public Advocacy	Fund 4941
	Health and Social Services	Department of Revenue	Funds 2175
		Health and Human Services System	Funds 2175, 2206, 2208, 2252, 2253 2254, 2260, 2261, 2265, 2711, 6262, 6812, 6840, 6841, 7261, 7262
		Department of Administrative Services	Fund 2657
		Foster Care Review Board	Fund 2701
		Commission for Hearing Impaired	Fund 2821

SCHEDULE OF BUDGETARY FUND CONVERSION TABLE (Continued)

For the Year Ended June 30, 1997

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS
Special Revenue (Cont'd.)	Other Special Revenue	Legislative Council	Funds 2030, 2033
		Governor's Office	Funds 2040, 2041, 5040, 6041
		Supreme Court	Funds 2051, 2052, 2053, 2054, 2055
		Secretary of State	Funds 2094, 2095, 2611
		Auditor of Public Accounts	Fund 2101
		Attorney General	Funds 2111, 2112, 5111
		State Treasurer	Funds 2126, 2127, 2128, 7999
		Department of Education	Funds 2130, 2132, 2133, 2135, 2136, 2137, 2138, 2147, 2149, 5132
		Department of Revenue	Funds 2155, 2157, 2158, 2161, 2163, 2165, 2168, 5161, 5162
		Department of Agriculture	Funds 2078, 2179, 5181
		Fire Marshal	Funds 2122, 2123, 2125
		Department of Labor	Fund 2232
		Department of Motor Vehicles	Funds 2134, 2242, 2245
		Department of Veterans' Affairs	Fund 2281
		Department of Water Resources	Fund 2687
		Military Department	Funds 2311, 2312
		Board of Educational Lands and Funds	Funds 2321, 2323
		Library Commission	Funds 2340, 4345, 6834
		Liquor Control Commission	Fund 2350
		Workers' Compensation Court	Funds 2371, 2372, 2373
		Commission on the Status of Women	Fund 2381
		Department of Correctional Services	Fund 2255
		Educational Telecommunications Commission	Funds 2471, 2472, 6472
		Coordinating Commission for Postsecondary Education	Funds 2481, 6481
		Board of Trustees of the State Colleges	Funds 3248, 3249
		University of Nebraska	Funds 3252, 3254
		Historical Society	Funds 2541, 2543, 2561, 6181, 6542
		Natural Resources Commission	Funds 2551, 2552, 2553, 2554, 2660
		State Patrol	Funds 2641, 2643, 2644, 2645, 2646
		Department of Administrative Services	Funds 2651, 2655, 2656, 2658, 2666, 2801, 5165, 5802, 5803, 5804 6651, 7654
		Commission on Mexican-Americans	Fund 2681
		Arts Council	Funds 2690, 6691
		Department of Economic Development	Fund 2330
		Commission on Indian Affairs	Fund 2722
		Commission on Law Enforcement and Criminal Justice	Funds 2780, 2781, 2782, 2783
		Department of Environmental Quality	Funds 2834, 2836, 2837, 2839, 2840, 2846, 2848, 6845, 6846, 6847
		Commission for Technical Community Colleges	Fund 2831
		Accountability and Disclosure Commission	Funds 2871, 2872
Capital Projects	Capital Projects	State Treasurer	Funds 3300, 3800
		Health and Human Services System	Funds 2251, 4251
		Department of Correctional Services	Fund 3246
		Educational Telecommunications Commission	Fund 4471
		Department of Administrative Services	Funds 2652, 3202
		Commission on Law Enforcement and Criminal Justice	Fund 3278

SCHEDULE OF BUDGETARY FUND CONVERSION TABLE (Continued)

For the Year Ended June 30, 1997

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS
Enterprise	Lottery	Department of Revenue	Funds 2156, 6161, 6162
	Excess Liability	State Treasurer	Fund 6222
Internal Service	Correctional Services	Department of Correctional Services	Fund 5251
	Buildings and Grounds	Department of Administrative Services	Funds 2650, 5650, 5655, 6652
	General Services	Department of Administrative Services	Funds 5651, 5654, 5658
	Communications	Department of Administrative Services	Funds 2653, 5653
	Central Data Processing	Department of Administrative Services	Funds 2665, 5652, 5656
	Transportation Services	Department of Administrative Services	Fund 5657
	Risk Management	Department of Administrative Services	Funds 2659, 2891, 2892, 2893, 5659, 5891, 5892, 6892, 6893
	Accounting Services	Department of Administrative Services	Fund 5665
	Other Internal Service	Secretary of State	Funds 2093, 5090
		Department of Correctional Services	Fund 5270
		Department of Administrative Services	Fund 5801
		Investment Council	Fund 2751
Expendable Trust	Amos Trust	State Treasurer	Fund 6130
	Unemployment Compensation	Department of Labor	Funds 6231, 6232, 7231
	Ag & Univ Land Lease	Board of Educational Lands and Funds	Fund 6332
	Second Injury	Workers' Compensation Court	Fund 6371
	Vocational Rehabilitation	Workers' Compensation Court	Fund 6372
	Canteen & Welfare	Health and Human Services System	Funds 6803, 6805, 6810, 6820, 6822, 6823, 6825, 6830
		Department of Correctional Services	Funds 6251, 6252
	Escheat Trust	State Treasurer	Funds 2120, 6128
	PSC Trust Account	Public Service Commission	Fund 6142
	Miscellaneous Trust	Department of Education	Fund 6131
		Health and Human Services System	Fund 6826
		Department of Correctional Services	Fund 6253
		Educational Telecommunications Commission	Fund 6471
		State Historical Society	Fund 6541
Nonexpendable Trust	Miscellaneous	State Treasurer	Funds 6122, 6126
	Aeronautics Trust	Department of Aeronautics	Fund 6170
	Normal School Endowment	Board of Educational Lands and Funds	Fund 6328
	Veterans Aid	Board of Educational Lands and Funds	Fund 6333
		Department of Veterans' Affairs	Fund 6320
	Permanent School	Department of Education	Fund 6136
		Board of Educational Lands and Funds	Funds 2322, 6334
	Permanent University	Board of Educational Lands and Funds	Fund 6335
	Agriculture Endowment	Board of Educational Lands and Funds	Fund 6513
	J.J. Soukup	Office of Risk Management	Fund 6891
	Insurance Investment Income	State Treasurer	Fund 6123
Pension Trust	State Employees Retirement	Public Employees Retirement Board	Fund 2855, 6853
	County Employees Retirement	Public Employees Retirement Board	Fund 2856, 6854
	School Retirement	Public Employees Retirement Board	Funds 2851, 6325, 6330, 6336, 6337, 6850, 6851, 6858, 6859
	Judges Retirement	Public Employees Retirement Board	Funds 2853, 6323, 6857
	State Patrol Retirement	Public Employees Retirement Board	Funds 2852, 6327, 6856
Agency	Local Government	State Treasurer	Funds 6125, 7121, 7163, 7752, 7764
		Department of Education	Funds 7131, 7132, 7133
		Department of Insurance	Fund 6224

SCHEDULE OF BUDGETARY FUND CONVERSION TABLE (Continued)

For the Year Ended June 30, 1997

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS
Agency (Cont'd.)	Ohio College Library	Library Commission	Fund 7341
	Short-Term Investment Pool	Investment Council	Fund 7750
	Payroll Withholding	Department of Administrative Services	Funds 6801, 7655, 7801
	Severance Tax	State Treasurer	Fund 7761
	Court Ordered Settlement	Attorney General	Fund 6111
		Department of Banking and Finance	Fund 6191
		Department of Motor Vehicles	Fund 6241
		Health and Human Services System	Fund 7263
		Public Employees Retirement Board	Funds 2854, 7653
	Deferred Compensation		
Higher Education	Higher Education	State Colleges	Funds 2501, 2503, 2504, 2508, 4504, 4900, 4920, 4930, 5501, 5503, 5504 6494, 6501, 6503, 6504, 6505, 6506, 6507
		University of Nebraska	Funds 2502, 2511, 2512, 2514, 2515, 2520, 2521, 2522, 2523, 2525, 3250, 3251, 4512, 4513, 4514, 4515, 4517, 4518, 4910, 5502, 5511, 5514, 5515, 5519, 6502, 6512, 6514, 6515, 6519, 6520, 6521, 6551, 6552, 6553, 6656
Public Benefit Corporation	University of Nebraska	University of Nebraska	Funds 6509, 6510, 6511, 6516, 6517, 6518
	Facilities Corporation		
	Nebraska State Colleges Facilities Corporation	State Colleges	Funds 6491, 6493, 6495

State of Nebraska

REVENUE BOND COVERAGE COLLEGES AND UNIVERSITIES

1988 – 1997

(Dollars in Thousands)

FISCAL YEAR	DEDICATED REVENUES	RELATED EXPENSES	NET REVENUES AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENT	COVERAGE RATIO
1988	\$ 28,832	\$ 23,052	\$ 5,780	\$ 3,917	1.48
1989	31,197	25,094	6,103	4,158	1.47
1990	34,691	26,811	7,880	4,294	1.84
1991	36,342	28,727	7,615	4,380	1.74
1992	38,633	29,922	8,711	5,572	1.56
1993	40,167	31,082	9,085	5,747	1.58
1994	45,730	36,743	8,987	5,694	1.58
1995	49,059	38,680	10,379	5,825	1.78
1996	52,928	43,464	9,464	6,084	1.56
1997	9,892	7,167	2,725	1,664	1.64

SOURCE: University of Nebraska and State Colleges.

State of Nebraska

COMPARATIVE POPULATION GROWTH NEBRASKA AND UNITED STATES

1940 – 1996 (As of July 1)

YEAR	NEBRASKA	PERCENT CHANGE	UNITED STATES	PERCENT CHANGE
1940	1,315,834		132,122,000	
1950	1,325,510	0.74 %	152,271,000	15.25 %
1960	1,411,921	6.52	180,671,000	18.65
1970	1,483,791	5.09	205,052,000	13.49
1971	1,508,000	1.63	207,661,000	1.27
1972	1,528,000	1.33	209,896,000	1.08
1973	1,533,000	0.33	211,909,000	0.96
1974	1,537,000	0.26	213,854,000	0.92
1975	1,544,000	0.46	215,973,000	0.99
1976	1,552,000	0.52	218,035,000	0.95
1977	1,555,000	0.19	220,239,000	1.01
1978	1,565,000	0.64	222,585,000	1.07
1979	1,574,000	0.58	225,055,000	1.11
1980	1,569,825	(0.27)	227,255,000	0.98
1981	1,577,000	0.46	229,637,000	1.05
1982	1,586,000	0.57	231,996,000	1.03
1983	1,597,000	0.69	234,284,000	0.99
1984	1,605,000	0.50	236,495,000	0.94
1985	1,606,000	0.06	238,740,000	0.95
1986	1,598,000	(0.50)	241,077,000	0.98
1987	1,594,000	(0.25)	243,419,000	0.97
1988	1,602,000	0.50	245,807,000	0.98
1989	1,611,000	0.56	248,777,000	1.21
1990	1,578,385	(2.02)	248,709,873	(0.03)
1991	1,592,000	0.86	252,137,000	1.38
1992	1,604,000	0.75	255,078,000	1.17
1993	1,613,000	0.56	257,908,000	1.11
1994	1,623,000	0.62	260,662,000	1.07
1995	1,637,000	0.86	262,755,000	0.80
1996	1,652,000	0.92	265,284,000	0.96
1940-1996		25.55 %		100.79 %

SOURCE: U.S. Bureau of the Census Population

State of Nebraska

COMPARATIVE UNEMPLOYMENT NEBRASKA AND UNITED STATES

1950 – 1996

YEAR	TOTAL LABOR FORCE	TOTAL EMPLOYMENT	UNEMPLOYMENT	NEBRASKA UNEMPLOYMENT AS PERCENT OF LABOR FORCE	UNITED STATES UNEMPLOYMENT AS PERCENT OF LABOR FORCE
1950	608,500	590,600	17,900	2.9%	5.2%
1960	630,200	613,000	17,200	2.7	5.5
1970(a)	631,700	612,300	19,400	3.1	4.9
1971	644,000	620,500	23,500	3.6	5.9
1972	666,300	643,800	22,500	3.4	5.6
1973	688,900	666,200	22,700	3.3	4.9
1974	719,500	688,600	30,900	4.3	5.6
1975	706,000	663,200	42,800	6.1	8.5
1976	717,100	680,900	36,200	5.0	7.7
1977(b)	750,000	722,000	28,000	3.7	7.1
1978	772,000	749,000	23,000	3.0	6.1
1979	771,000	747,000	24,000	3.1	5.8
1980	763,000	732,000	31,000	4.1	7.1
1981	777,000	745,000	32,000	4.1	7.6
1982	789,000	741,000	48,000	6.1	9.7
1983	791,000	746,000	45,000	5.7	9.6
1984	796,000	761,000	35,000	4.4	7.5
1985	806,000	762,000	44,000	5.5	7.2
1986	813,000	772,000	41,000	5.0	7.0
1987	812,000	772,000	40,000	4.9	6.2
1988	818,000	789,000	29,000	3.5	5.5
1989	812,000	787,000	25,000	3.1	5.3
1990	814,464	796,354	18,110	2.2	5.5
1991	835,176	812,054	23,122	2.8	6.7
1992	838,449	813,052	25,397	3.0	7.4
1993	858,374	835,555	22,819	2.7	6.8
1994	878,768	853,542	25,226	2.9	6.1
1995	896,623	872,909	23,714	2.6	5.6
1996	912,899	886,163	26,736	2.9	5.7

(a) Data for 1970 and later are based on a Labor Force concept rather than the Work Force used previously, and are not strictly comparable with data for previous years.

(b) Data for 1977 and later are not comparable to prior years because of changes in the method of estimating the labor force.

SOURCE: Nebraska Statistics – 1950-1983 Nebraska Statistical Handbook, Nebraska Department of Economic Development;
1984-1996 Nebraska Department of Labor.

United States Unemployment – January 1996 Employment and Earnings, U.S. Department of Labor, Bureau of Labor Statistics.

State of Nebraska

TOTAL PERSONAL AND PER CAPITA INCOME NEBRASKA, UNITED STATES AND THE PLAINS

1987 – 1996

YEAR	NEBRASKA		UNITED STATES		PLAINS (a)	
	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME
1987	\$ 22,992	\$ 14,675	\$ 3,862,977	\$ 15,942	\$ 264,410	\$ 15,170
1988	24,421	15,538	4,160,730	17,015	276,575	15,772
1989	25,888	16,438	4,474,014	18,127	297,009	16,880
1990	27,858	17,624	4,774,005	19,142	315,716	17,849
1991	28,729	18,051	4,963,545	19,689	327,448	18,399
1992	30,812	19,210	5,260,922	20,631	349,261	19,475
1993	32,001	19,817	5,507,622	21,365	360,877	19,958
1994	33,218	20,435	5,774,806	22,180	382,697	21,005
1995	35,055	21,385	6,137,875	23,348	404,044	22,018
1996	37,862	22,917	6,479,914	24,426	432,418	23,414

(a) States included in the Plains are Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

State of Nebraska

TEN LARGEST PRIVATE EMPLOYERS

1996

NAME OF COMPANY	RANK
Iowa Beef Processors, Inc.	1
First Data Resources	2
Conagra, Inc.	3
Alegent Health, Inc.	4
Union Pacific	5
Mutual of Omaha	6
Wal-Mart	7
Burlington Northern	8
Nebraska Methodist Health System	9
Bakers Supermarkets	10

SOURCE: Research Division, The Department of Economic Development.

State of Nebraska

TRANSPORTATION RELATED STATISTICS

1987 - 1996

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
STATE HIGHWAY MILEAGE BY										
SURFACE TYPE (a)										
RURAL										
Gravel	108	92	92	79	79	74	74	74	51	44
Asphalt, Bitumen	7,609	7,713	7,759	7,774	7,801	7,786	7,794	7,794	7,834	7,849
Concrete, Brick	1,653	1,562	1,517	1,514	1,485	1,484	1,453	1,449	1,445	1,455
TOTAL RURAL	9,370	9,367	9,368	9,367	9,365	9,344	9,321	9,317	9,330	9,348
MUNICIPAL										
Asphalt, Bitumen	322	321	321	321	325	331	342	347	353	351
Concrete, Brick	255	258	259	260	261	274	281	279	277	270
TOTAL MUNICIPAL	577	579	580	581	586	605	623	626	630	621
TOTAL RURAL AND MUNICIPAL	9,947	9,946	9,948	9,948	9,951	9,949	9,944	9,943	9,960	9,969
MILES OF CONSTRUCTION ON										
STATE HIGHWAYS (a)										
Rural	460	429	430	493	414	340	469	376	625	624
Municipal	11	19	17	26	23	16	24	29	34	23
TOTAL RURAL AND MUNICIPAL	471	448	447	519	437	356	493	405	659	647
MOTOR VEHICLE REGISTRATIONS (b)										
Automobiles	870,291	882,451	901,633	917,722	838,803	895,461	940,667	955,138	956,100	977,252
Trucks										
Farm	144,126	145,460	145,749	147,982	128,969	140,095	149,403	148,664	148,181	148,051
Other	231,572	239,560	245,664	273,065	247,831	269,195	288,608	272,685	279,781	312,213
Motorcycles	31,599	29,088	23,560	22,375	20,264	19,582	18,882	19,084	18,696	18,094
All Other	219,821	224,954	243,514	275,003	266,178	296,302	301,757	264,965	290,287	330,929
TOTAL	1,497,409	1,521,513	1,560,120	1,636,147	1,502,045	1,620,635	1,699,317	1,660,536	1,693,045	1,786,539

SOURCE: (a) 1987-1996 Nebraska Department of Roads.

(b) 1987-1996 Nebraska Department of Motor Vehicles.

State of Nebraska

NEBRASKA CASH RECEIPTS FROM FARM MARKETING AND GOVERNMENT PAYMENTS

1987 – 1996

(Dollars in Millions)

YEAR	CASH RECEIPTS FROM FARM MARKETINGS				TOTAL
	CROPS	LIVESTOCK AND LIVESTOCK PRODUCTS	TOTAL CROPS AND LIVESTOCK	GOVERNMENT PAYMENTS	
1987	\$ 2,198.5	\$ 4,940.6	\$ 7,139.1	\$ 1,274.8	\$ 8,413.9
1988	2,410.7	5,390.3	7,801.0	1,091.5	8,892.5
1989	3,078.7	5,646.0	8,724.7	542.3	9,267.0
1990	2,637.9	6,076.2	8,714.1	624.6	9,338.7
1991	3,064.9	5,933.3	8,998.2	490.7	9,488.9
1992	3,009.6	5,675.7	8,685.3	478.7	9,164.0
1993	3,025.2	5,846.3	8,871.5	806.3	9,677.8
1994	3,111.1	5,404.7	8,515.8	348.2	8,864.0
1995	3,762.6	5,190.5	8,953.1	507.3	9,460.4
1996	4,176.8	5,277.3	9,454.1	388.8	9,842.9

SOURCE: Economic Research Service, U.S. Department of Agriculture.

State of Nebraska

NEBRASKA HOUSING UNITS AUTHORIZED FOR CONSTRUCTION

1987 – 1996

YEAR	HOUSING UNITS AUTHORIZED	PERCENT CHANGE
1987	4,820	(22.71)%
1988	5,739	19.07
1989	6,040	5.24
1990	6,634	9.83
1991	6,235	(6.01)
1992	6,745	8.18
1993	7,751	14.91
1994	7,877	1.63
1995	8,048	2.17
1996	10,091	25.39

SOURCE: 1986 – Nebraska Housing Units Authorized for Construction, U.S. Department of Commerce.

1987-1996 – Housing Units Authorized by Building Permits: Annual 1987-1995, U.S. Dept. of Commerce.

State of Nebraska

MOTOR FUELS NET TAXABLE GALLONS

1987 – 1996

YEAR	IMPORTING DEALERS	DIESEL FUELS	GASOHOL	TOTAL	PERCENT CHANGE
1987	513,749,744	172,205,225	234,755,809	920,710,778	0.77 %
1988	522,029,163	188,052,766	250,165,089	960,247,018	4.29
1989	508,839,046	191,620,212	263,372,940	963,832,198	0.37
1990	474,744,464	189,772,081	291,658,752	956,175,297	(0.79)
1991	401,151,347	184,069,676	338,655,895	923,876,918	(3.38)
1992	396,493,898	207,628,838	360,390,088	964,512,824	4.40
1993	502,952,626	222,520,682	278,733,437	1,004,206,745	4.12
1994	525,261,561	228,490,205	230,802,731	984,554,497	(1.96)
1995	587,503,297	248,461,579	238,027,521	1,073,992,397	9.08
1996	636,785,443	255,896,982	183,903,344	1,076,585,769	0.24

SOURCE: Nebraska Department of Revenue Annual Report.

State of Nebraska

BANK DEMAND AND TIME DEPOSITS

1987 – 1996

(Dollars in Millions)

YEAR	DEMAND DEPOSITS	TIME DEPOSITS	TOTAL DEPOSITS	PERCENT CHANGE
1987	\$ 2,626	\$ 11,905	\$ 14,531	0.44 %
1988	2,567	12,506	15,073	3.73
1989	2,680	13,393	16,073	6.63
1990	2,806	14,828	17,634	9.71
1991	2,901	15,682	18,583	5.38
1992	3,174	16,441	19,615	5.55
1993	3,220	17,641	20,861	6.35
1994	3,245	17,414	20,659	(0.97)
1995	3,505	19,051	22,556	9.18
1996	3,712	19,546	23,258	3.11

NOTE: This data represents balances at December 31.

SOURCE: Federal Deposit Insurance Corporation.

State of Nebraska

PUBLIC AND STATE OPERATED ENROLLMENT PREKINDERGARTEN – GRADE 12

1986/87 – 1996/97

ACADEMIC YEAR	PRE KDG. AND KDG.	GRADES 1 – 3	GRADES 4 – 6	GRADES 7 – 9	GRADES 10 – 12	TOTAL ALL GRADES
1986 – 1987	24,842	63,953	58,175	58,962	61,207	267,139
1987 – 1988	24,733	65,954	58,480	58,122	60,811	268,100
1988 – 1989	24,292	67,372	60,680	58,471	58,567	269,382
1989 – 1990	24,491	67,117	62,962	59,412	56,407	270,389
1990 – 1991	24,559	66,933	65,380	60,832	55,826	273,530
1991 – 1992	24,702	66,877	67,366	63,261	56,766	278,972
1992 – 1993	24,667	66,313	67,139	65,603	58,157	281,879
1993 – 1994	24,600	65,258	67,374	68,270	58,957	284,459
1994 – 1995	25,304	64,171	67,092	69,186	60,680	286,433
1995 – 1996	25,779	64,010	66,957	68,796	62,842	288,384
1996 – 1997	25,599	64,800	66,058	69,937	65,023	291,417

SOURCE: 1985-1996 – Statistics and Facts About Nebraska Schools, Nebraska Department of Education.

State of Nebraska

PUBLIC HIGHER EDUCATION INSTITUTIONS TOTAL FALL HEADCOUNT ENROLLMENT

1987 – 1996

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
COLLEGES AND UNIVERSITIES:										
Chadron State College	2,250	2,450	2,881	3,065	3,413	3,190	3,021	3,189	3,063	2,905
Kearney State College (1)	9,075	9,094	9,745	9,899						
Peru State College	1,396	1,441	1,496	1,526	1,558	1,527	1,601	1,665	1,754	1,774
Wayne State College	2,899	2,874	3,324	3,512	3,925	3,761	3,765	3,886	3,868	3,828
University of Nebraska										
Lincoln (2)	23,469	23,985	24,168	24,598	24,803	24,752	24,695	24,089	24,573	24,189
Omaha	14,210	14,985	15,475	15,811	15,986	16,227	15,897	15,051	14,691	14,474
Kearney					8,573	8,374	8,045	7,584	7,620	7,680
Medical Center	2,253	2,279	2,405	2,444	2,631	2,759	2,703	2,778	2,770	2,718
TOTAL COLLEGES AND UNIVERSITIES	<u>55,552</u>	<u>57,108</u>	<u>59,494</u>	<u>60,855</u>	<u>60,889</u>	<u>60,590</u>	<u>59,727</u>	<u>58,242</u>	<u>58,339</u>	<u>57,568</u>
COMMUNITY COLLEGES										
Central CC (3)	4,090	4,383	4,426	4,214	4,463	4,885	4,686	5,011	5,839	6,476
Metropolitan CC	6,595	6,629	7,383	8,520	9,573	10,301	10,978	10,686	10,666	10,759
Mid-Plains CC	2,863	2,905	3,020	2,891	2,880	3,055	3,337	2,934	2,528	2,925
Northeast CC	2,562	2,687	2,205	2,815	3,172	3,257	3,408	3,612	3,413	4,235
Southeast CC	5,498	5,861	6,226	6,317	5,839	6,002	5,777	6,647	6,240	7,041
Western CC	2,273	2,508	2,364	1,940	2,182	2,248	2,591	2,311	2,291	1,898
TOTAL COMMUNITY COLLEGES	<u>23,881</u>	<u>24,973</u>	<u>25,624</u>	<u>26,697</u>	<u>28,109</u>	<u>29,748</u>	<u>30,777</u>	<u>31,201</u>	<u>30,977</u>	<u>33,334</u>
TOTAL ALL INSTITUTIONS	<u>79,433</u>	<u>82,081</u>	<u>85,118</u>	<u>87,552</u>	<u>88,998</u>	<u>90,338</u>	<u>90,504</u>	<u>89,443</u>	<u>89,316</u>	<u>90,902</u>

NOTE: (1) Kearney State College became the University of Nebraska at Kearney in 1991.

(2) University of Nebraska-Lincoln count includes NCTA-Curtis for all years.

(3) Central CC reporting under continuous enrollment practice abandoned in 1996. Enrollment numbers have been retroactively changed to the reporting practice consistent with that of the other Community Colleges.

SOURCE: Fall Headcount Enrollments in Nebraska Institutions of Postsecondary Education as reported by the Institutions for the Federal IPEDS Survey, Coordinating Commission for Postsecondary Education.

State of Nebraska

MISCELLANEOUS STATISTICS

June 30, 1997

Date Entered Union	March 1, 1867 (37th State)
Form of Government	Legislative – Executive – Judicial
Land Area	77,355 square miles (15th largest in U.S.)
Elevation	840 to 5,424 feet above sea level
Capital	Lincoln
Largest City	Omaha
Origin of Name	From Oto Indian word "Nebrathka" meaning "flat water"
Nickname	Cornhusker State (from method of harvesting or "husking" corn by hand)
Recreation:	
Fish Hatcheries	5
State Parks	8
Historical Parks	10
Recreation and Wildlife Management Areas	251
State Police Protection:	
Number of Troops	6
Number of Patrolmen	409

SOURCE: Nebraska Blue Book, 1996-97.



Pheasant, Cherry County.